2012
CITY OF ST. ALBERT
ANNUAL REPORT

Cultivating a Vibrant and Growing City

For the Year Ended December 31, 2012

stalbert.ca

City of St. Albert Alberta, Canada

CFN 156-2
ISBN 978-0-9878205-1-8
Printed in Canada

City of St. Albert, Alberta, Canada
2012 Annual Report, for the year ended December 31, 2012
Prepared by: Corporate Strategic Services Division and Financial Services

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Table of Contents

INTRODUCTORY SECTION

Message from the Mayor 4
Message from the City Manager 6
City Profile 8
Government Structure 8
Year in Review 12
Financial Statement Discussion and Analysis 48

FINANCIAL SECTION

Management's Report 64
Independent Auditor's Report 65
Audited Financial Statements
Consolidated Statement of Financial Position 66
Consolidated Statement of Operations and Accumulated Surplus 67
Consolidated Statement of Changes in Net Debt 68
Consolidated Statement of Cash Flows 69
Notes and Schedules to the Financial Statements 70

STATISTICAL SECTION

General Statistical Information 88
Financial Statistical Information 89

Introduction

The City of St. Albert is pleased to present its 2012 Annual Report, which provides an overview of the City's various corporate and financial accomplishments throughout the year. These accomplishments are based on City Council's Goals outlined in the report and the City's audited financial statements.

The Annual Report is divided into three sections.

1. **Introductory Section** – provides messages from the Mayor and City Manager, an overview of the City of St. Albert, including its municipal profile and government structure, and a Year in Review which provides an overview of key corporate activities and accomplishments based on City Council's Goals. A discussion and analysis of the financial statements is also included, to enhance the reader's understanding of the City's fiscal results and overall condition.
2. **Financial Section** – provides the Management and Auditor Reports and presents the audited financial statements including related notes and schedules.
3. **Statistical Section** – provides a summary of various financial and general statistics.

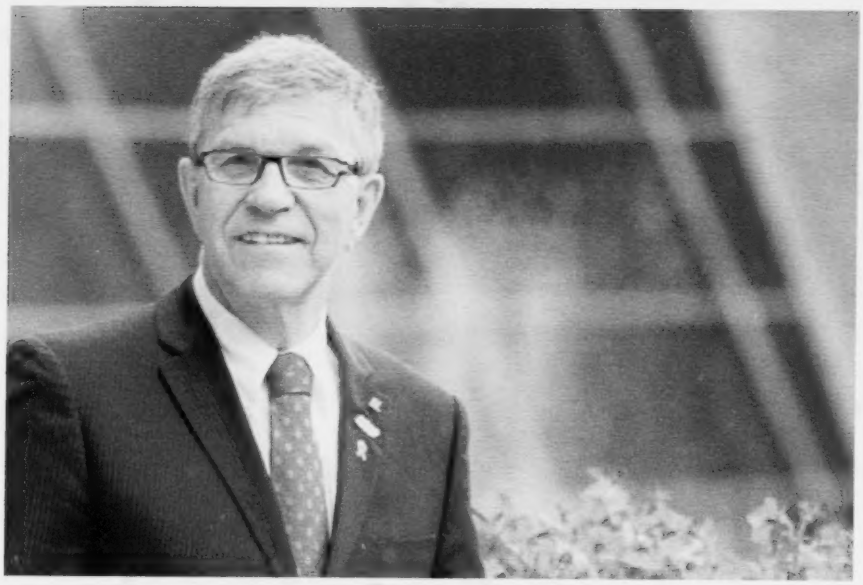


Photo by Renee van Minden

Message From The Mayor

I am pleased to present the City of St. Albert's Annual Report for 2012 on behalf of City Council.

St. Albert continues to be ranked by MoneySense Magazine among the best places in Canada to raise a family and to live—or as we say, to "Cultivate Life". Having a great quality of life in St. Albert was echoed by 99 per cent of residents who responded to our Community Satisfaction Survey in 2012. We are proud of our community, and Council works hard to maintain and preserve what's best of St. Albert for future generations, and to address issues or concerns that matter to residents and the community today.

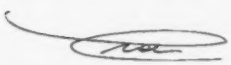
Council set four priorities for 2012 – economic development, community development, the environment and governance – and with Administration's support, we continued to make significant headway on all fronts.

We started the year with the release of the 20 Point Economic Development Plan to encourage commercial and light industrial growth, and hired City Manager Patrick Draper to help carry out the plan. We also identified 700 acres (about 285 hectares) of light industrial land, which will be ready for approval in early 2013. With this designation, we will double the availability of employment lands in St. Albert. A primary focus for Administration will be to bring landowners and developers together to bring growth on line.

Council strengthened its oversight through a number of legislative actions. Council reviewed the City's taxation policy to enhance the City's fiscal responsibility, and amended the Budget Guiding Principles Policy to protect ratepayers from dramatic shifts in market assessment, and to ensure that growth in the non-residential assessment class will be applied to the benefit of the residential class to lower the residential tax burden over time. Budget Guiding Principles were established for community groups receiving City funding to enhance transparency and effectiveness of the budget process. Council also approved the public-private partnership (P3) policy, which establishes an overarching framework for an alternative project procurement and delivery method for the City's consideration when renewing and developing public infrastructure. We reviewed the Alarm Systems Bylaw and the Traffic Bylaw, while review of the Animal Bylaw continues into 2013. Council also approved the Affordable Housing Delivery Model, which outlines strategies for the next five years.

Council continued to enhance ways to improve access to civic government and engage with residents. Web streaming of Council meetings was expanded to include broadcasting of the Standing Committee on Finance meetings as well as the budget deliberations in the fall. In all, over 3,000 people watched the live web streaming of Council meetings, and the archived videos of meetings was accessed over 2,200 times –this is in addition to the broadcast of Council Meetings on Shaw TV. Council held three town hall style meetings, in February, May and October, plus Council held three town hall meetings around the 2013 budget, with record attendance of 83 residents. During the year, six Council Columns, written by the Deputy Mayor of the day on various topics, ran in the St. Albert Gazette.

Council is to be commended for their spirit of teamwork that benefits the community through the many accomplishments detailed in this report. Thank you to staff for their commitment which has resulted in another successful year for St. Albert.



Nolan Crouse
Mayor of St. Albert | The Botanical Arts City

Message from the City Manager

On behalf of Administration, I am pleased to present the 2012 Annual Report to Council and the community.

Council set clear expectations for the year for economic development, and in response, we proposed significant tracts of land for light industrial zoning in the west side of the City and we presented our Economic Development Action Plan in the fall. New investment attraction, local business expansion and awareness building to promote St. Albert as a business location of choice are the key components of the plan and will be the impetus to meet the overall goal of diversifying the tax base and increasing the overall revenues to the City.

Upgrading of primary transportation routes is a key enabler for development. Significant work on key arterial roadways was completed or is well underway, including completing the first stage of Veness Road, which improves access to Campbell Business Park on the east side of the city, commencing Stage 3 of Ray Gibbon Drive on the west for future growth; and a task force was mandated to look at the appearance and functionality of St. Albert Trail to support commercial and residential activity.

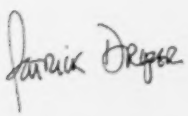
A major environmental priority was accomplished with the release of the Sturgeon River Watershed Report, which provides vital guidance to St. Albert to preserve the health of the river and the watershed. Another environmental success story in 2012 was the achievement of a 65.9 per cent diversion rate from landfill, indicating that the community has embraced the new curb-side organics program in addition to the recycling program. Corporately, the City's Public Works Department received ISO 14001 certification for its environmental management system.

The Recreation and Culture Master Plans were completed, and work started on the Social Master Plan, to be completed in 2013. These are long-range plans that will guide growth and community development and provide a degree of certainty around planning. Council also reviewed infill guidelines to allow for multifamily and single-family development integration in existing neighbourhoods as part of our effort to increase housing affordability in St. Albert.

St. Albert continued to Cultivate Life as we unveiled a new mural titled Cultivate Life, which brings together the work of over 180 artists in a single mural that celebrates culture in the Botanical Arts City. We also unveiled the Millie Seitz, Volunteer Appreciation Sculpture by local artist Marjorie Ann Davies to honour the spirit of volunteerism and to thank volunteers who played a key role in the City's 150th anniversary celebrations in 2011. We held the first 'Cultivating Front Yards' awards celebration to recognize winners and thank over 250 people, including residents and businesses, for beautifying their front yards and helping grow St. Albert's Botanical Arts brand. We held consultations on two community amenities, a new dog friendly park to be located near Servus Credit Union Place, and a bike skills park, the location for which is to be determined in 2013. And, highlighting St. Albert's capacity to host world-class games, the "Flame of Hope" relay marked the start of the Special Olympics Canada Winter Games on February 28.

The April 2012 municipal census resulted in St. Albert having a population of 60,994 residents, an increase of 1.4 per cent since the previous census in 2010. Residents, through the Community Satisfaction Survey, report that St. Albert is a great place to live and municipal services are overall meeting residents' expectations.

We are looking forward to working with Council and serving St. Albert residents and businesses in 2013.



Patrick Draper
City Manager

The City of St. Albert is proud of its community and all that it has to offer. With its outstanding parks and trails, state-of-the-art recreational facilities, robust arts and culture community and countless amenities, this city has it all!

City Profile

One of the most beautiful cities in Alberta, St. Albert has long been recognized as a community of choice with its picturesque landscape, celebrated parks and trail system, state of-the-art amenities, inviting neighbourhoods with tree-lined streets, lively arts and culture community and outstanding attractions and events. Established in 1861, St. Albert is steeped in history and is the oldest non-fortified community in Alberta. Today, St. Albert is a vibrant community with a population of 61,466*.

With direct access to resource development in northern Alberta, excellent transportation networks and a highly educated workforce, St. Albert is positioned to attract clean industry, with a focus on professional, scientific and technical services and "green" industries that match the Botanical Arts City brand.

Government Structure

The City of St. Albert's mandate is to provide various social and recreational programs, protective services, transportation systems, public utilities, and other local services to the community. The municipality consists of two branches – a legislative branch (comprising City Council), and an administrative branch (led by the City Manager).

City Council provides strategic direction to Administration through a variety of plans, bylaws, policies and other governance processes.

City Council consists of a Mayor and six Councillors. Council is elected at large by residents to serve a three-year term and governs in accordance with powers granted under the Municipal Government Act.

*2011 Federal Census

CITY COUNCIL, MISSION, VISION AND VALUES

City Council's Mission, Vision and Values provide Administration the foundation to make recommendations to Council and to guide Administration's decisions. The Mission describes the City's purpose; the Vision describes the type of city that Council wants St. Albert to become; the Values define how Council will carry out decisions and actions.

MISSION

As community elected leaders, Council's mission is to:

Represent the citizens of St. Albert, make decisions in the best interests of the entire community and ensure the corporation delivers results that will sustain a high quality of life for St. Albertans.

VISION

This is where Council wants St. Albert to be in the future:

As the Botanical Arts City, St. Albert is recognized throughout the region as a vibrant and thriving urban centre with a strong sense of community.

VALUES

Council's values reflect Council's behaviour and their approach to decision making:

- *Community: Consider best interests of the community*
- *Engagement: Engage residents and stakeholders in City Council and community matters*
- *Integrity: Behave consistently with our values*
- *Respect: Respect and consideration for all people and their perspectives*
- *Stewardship: Practice fiscal stewardship*
- *Trust: Earn and retain trust*
- *Understanding: Understand the issues—be curious, informed and prepared*
- *Unity: Move forward as one body on decisions*

2012 ST. ALBERT CITY COUNCIL

Mayor Nolan Crouse

Councillor Len Bracko

Councillor Wes Brodhead

Councillor Cathy Heron

Councillor Roger Lemieux

Councillor Cam MacKay

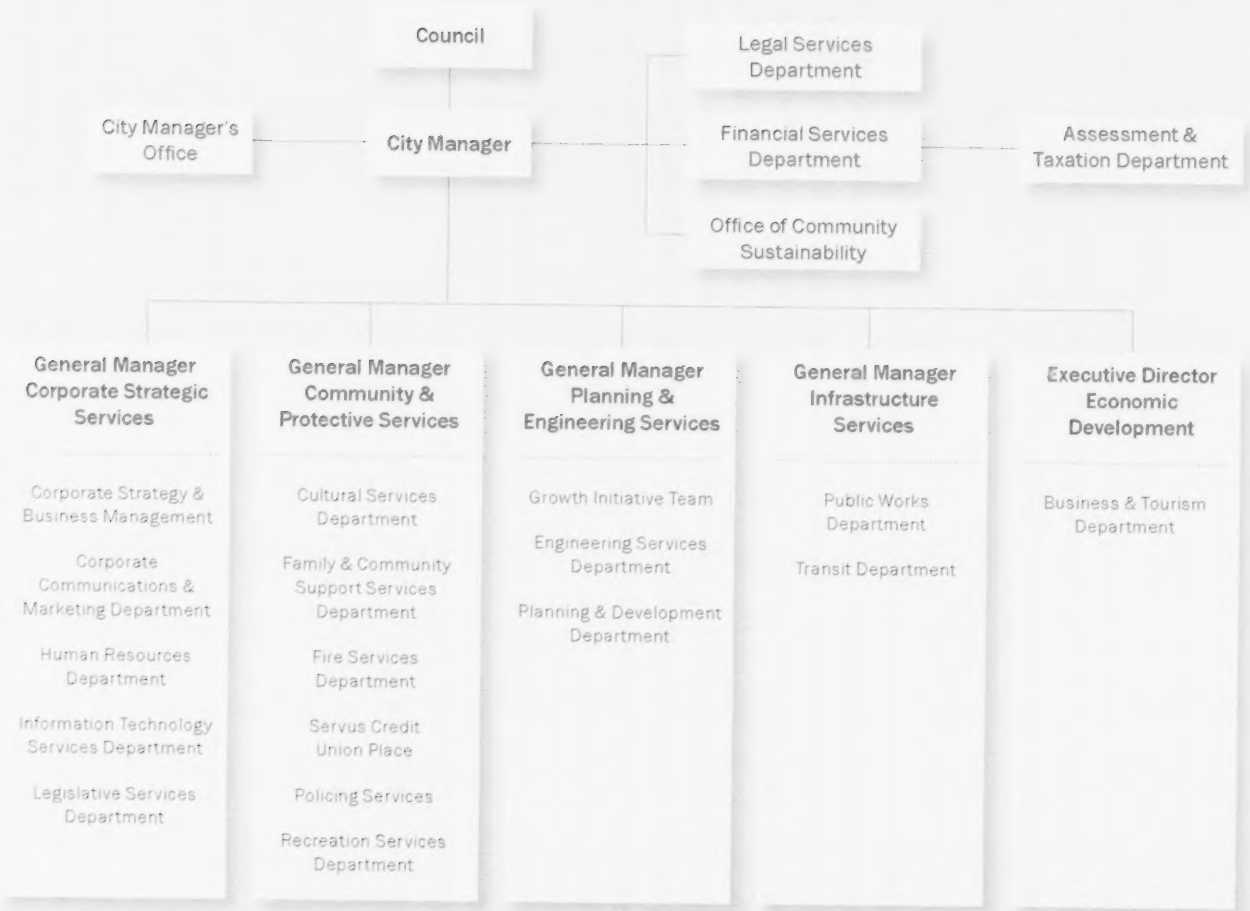
Councillor Malcolm Parker

ADMINISTRATION

City Administration, with an appointed City Manager, consists of an organizational structure divided into five divisions. The City Manager, Chief Financial Officer (CFO), Executive Director, Economic Development and four General Managers comprise the City's Senior Leadership Team, serve as the organization's executive administration and provide strategic direction to Administration.

A broader Leadership Team, consisting of department Directors from across the organization, provides essential support and operational direction to Administration.

2012 ORGANIZATIONAL CHART



The City of St. Albert is a great place to work!
Our staff are talented professionals dedicated to delivering top-notch services.

ORGANIZATIONAL FOUNDATION

To realize Council's direction, goals and priorities, Administration focuses on maintaining the organizational capacity and managing the Corporation in the most effective way. It is through this strong organizational foundation that Administration is able to develop a strategy and translate each of Council's goals and priorities into actionable operational strategies.

CORPORATE MISSION

Our purpose; our reason for existence:

We provide excellent service that enhances the quality of life for the community and align's with Council's direction.

CORPORATE VISION

This is where we want to be in the future; it inspires us as we carry out our mission:

Pride of the community; Leaders in the region.

CORPORATE VALUES

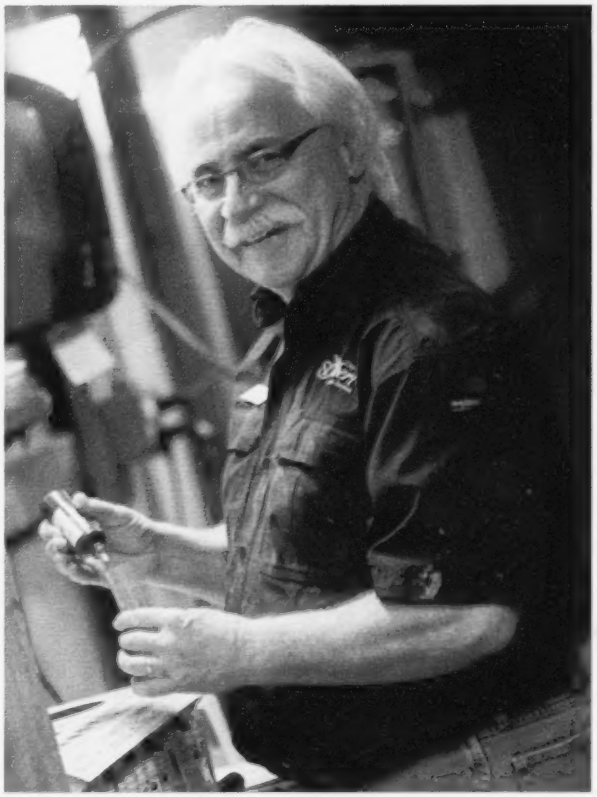
These are the principles we hold dear. We commit to them uncompromisingly as the future unfolds. Our values define our culture:

1. *We always do our best, meet our commitments and ensure our efforts are focused on caring for the community and the environment.*
2. *We communicate openly and honestly, and work with each other and the community in a safe, mutually respectful manner.*
3. *We are creative and innovative, sharing our expertise and benefiting from the power of teamwork.*
4. *We encourage and support one another through our work and learning opportunities while always striving to improve performance.*
5. *We enjoy our work and our professional environment, while maintaining a work/life balance.*

ADMINISTRATION OBJECTIVES

The following four objectives provide specific direction as we strive to achieve our vision and are necessary foundational areas to maintain strong organizational foundation:

1. *Attract and retain high quality employees*
2. *Deliver programs and services that meet or exceed our standards*
3. *Exercise strong fiscal management*
4. *Ensure our customers are very satisfied*



"The City embraces the environment, the arts and the concept of cultivating life."
Mayor Nolan Crouse

Year in Review

The City's 2012 highlights and accomplishments demonstrate its commitment to long-term planning, community sustainability and effective service delivery. This section provides an overview of accomplishments as they relate to City Council's Goals.

ECONOMIC DEVELOPMENT

Build and diversify St. Albert's economy in partnership with the community and key stakeholders.

ECONOMIC DEVELOPMENT

Administration formed the new Economic Development Services Division and appointed an Executive Director. The new division refined its structure to better position the City in accomplishing its Economic Development goals. The division's structure includes the new Marketing Specialist and the Manager of Investment Attraction positions. In addition, two positions were re-classified to better respond to the current needs of the organization. These positions are Manager of Business Development and Manager of Marketing and Research.

"Among St. Albert Council's top priorities is fostering a climate for economic development particularly in the light industrial and commercial sectors."

Mayor Nolan Crouse
2012 Business Breakfast

Develop and Implement an Economic Development Plan

In early 2012, the Mayor announced a 20-Point Economic Development Action Plan to encourage commercial and light industrial growth in St. Albert. The cornerstone of the plan was the proposed zoning of 260-300 gross ha (642-741 acres) of land as light industrial that was approved by Council in mid-2012. The plan also identified a number of catalyst projects to create the infrastructure required to support significant economic development, such as improving transportation connectivity and upgrading the city's water and sewer infrastructure.

Later in the year, the 20-Point Economic Development Action Plan was used as the basis for development of the Economic Development Plan that was approved by Council on October 15, 2012. The latter plan includes the following key areas:

- Improving existing perceptions of the City.
- Raising the profile of St. Albert.
- Conceptualizing and marketing the City's future direction.
- Bringing innovations to Council for consideration.
- Building investment attraction plans.
- Developing business retention and expansion plans.

Enhance Economic Development Opportunities Along St. Albert Trail

In early 2012, Council approved the terms of reference for the Mayor's Task Force – St. Albert Trail Improvement Plan Committee. The committee will provide guidance and recommendations on the following:

- a vision for St. Albert Trail
- a committee of business stakeholders
- a process for community engagement
- potential policy or bylaw updates
- opportunities to incorporate the Botanical Arts brand
- a maintenance plan
- engineering and community standards
- impacts on the capital plan and infrastructure

To gather public input, the Committee held an open house in September 2012. Additionally, a page was established on the City's website to provide information on the Committee, its objectives and activities. The final report is due to Council in June 2013.

Revitalize the City's Downtown

The City continued to explore potential new developments that would fit with the Downtown Area Redevelopment Plan (DARP).

The use of golf carts was explored as an option for transporting people to the downtown and along the Red Willow Trail. The purpose of this initiative was to find a creative way to move people from one location to another within the city and help alleviate traffic congestion during the Farmer's Market. The proposed route would allow people to park at the Botanic Park, St. Albert Centre and the Enjoy Centre and then use a golf cart system to transport people to the market and to explore St. Albert. Administration is considering piloting the project in 2013.

Promote the City and Attract Businesses, Investment, Residents and Visitors

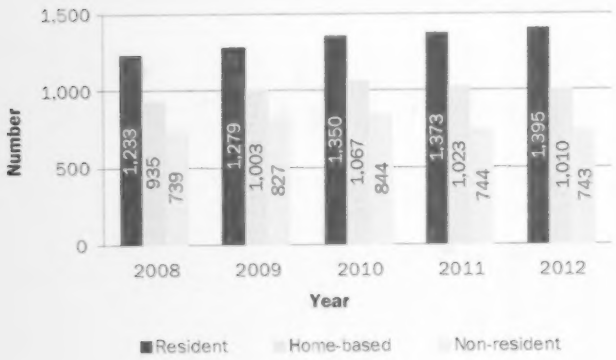
The City continued to promote St. Albert through the enhancement of the Business Development and Tourism websites (cultivatebusiness.ca and visitstalbert.com) and through the use of social media. A Marketing Specialist position was created to focus on initiatives that support promotion of the city.

Administration is preparing a Residential Attraction Marketing Plan that focuses on attracting more families to the City of St. Albert. The plan will be implemented in early 2013.

Business Licences

The number of resident business licences increased while the number of home-based licences decreased in 2012 compared to 2011. The number of non-resident licences decreased by one compared to 2011. This decrease in home-based licences may be because of less home-based business activity due to a stronger economy.

NUMBER OF APPROVED BUSINESS LICENCES
January 1 to December 31



The target for 2012: 1,378 resident, 1,028 home-based and 749 non-resident businesses.
Note: Resident businesses are businesses operating from a commercial/industrial location within St. Albert.

TOURISM

Promote Tourist Attractions and Events

To promote tourist attractions and events, Administration placed ads throughout the year in various publications including:

- 2012 Travel Alberta Camping and Accommodation Guides
- The Alberta Seniors Directory
- The St. Albert Gazette
- The St. Albert Gazette Directory
- Edmonton Summer Campaign
- Vue Weekly—Hot Summer and Road Trips

The City also sponsored the St. Albert Car Cruisers Club Calendar and Slow Food Edmonton, a non-profit educational organization dedicated to supporting and celebrating the food traditions of Edmonton and Northern Alberta.

#15 Portman (shown above), tied #2 Gentry Court for Best Front Yard Overall in the 2012 Cultivate Front Yards Competition

Cultivate Front Yards

In September, the Cultivating Front Yards beautification program took place. The program rewarded both residents and businesses for beautifying their front yards. Over 150 nominations were received in five categories:

- Best Natural Front Yard
- Best Edible Front Yard
- Best Front Yard Overall
- Best Art in the Front Yard
- Best Business Front Yard

The program was sponsored by area businesses and nominations were judged by a panel of community volunteers. The winners were announced at a celebration at the Arden Theatre on September 18, 2012. In total, 250 people were in attendance for this event.

Strengthen St. Albert's Economy and Regional Leadership

In late 2012, Administration prepared a business case for the 2019 Canada Winter Games bid for Council's consideration during the 2013-2015 business plan and budget deliberations. Council requested Administration provide more information before this business case is brought back to Council for the final decision.

LAND USE AND INFRASTRUCTURE

Improve Commuting and Transportation Connectivity within the Capital Region

Campbell Road Transit Centre/Park and Ride

Administration worked with the City of Edmonton and the Province to plan for construction of the Campbell Road Transit Centre/Park and Ride (formerly called the South Transit Centre/Park and Ride) within the current boundaries of the Edmonton Transportation Utility Corridor (TUC) lands. Work continued throughout the year to secure the land required. Administration continues joint negotiations with Alberta

Infrastructure on a lease agreement for the Campbell Road Transit Centre/Park and Ride, the LRT land and terminal station.

The facility will most likely not be ready by 2014 due to ongoing negotiations.

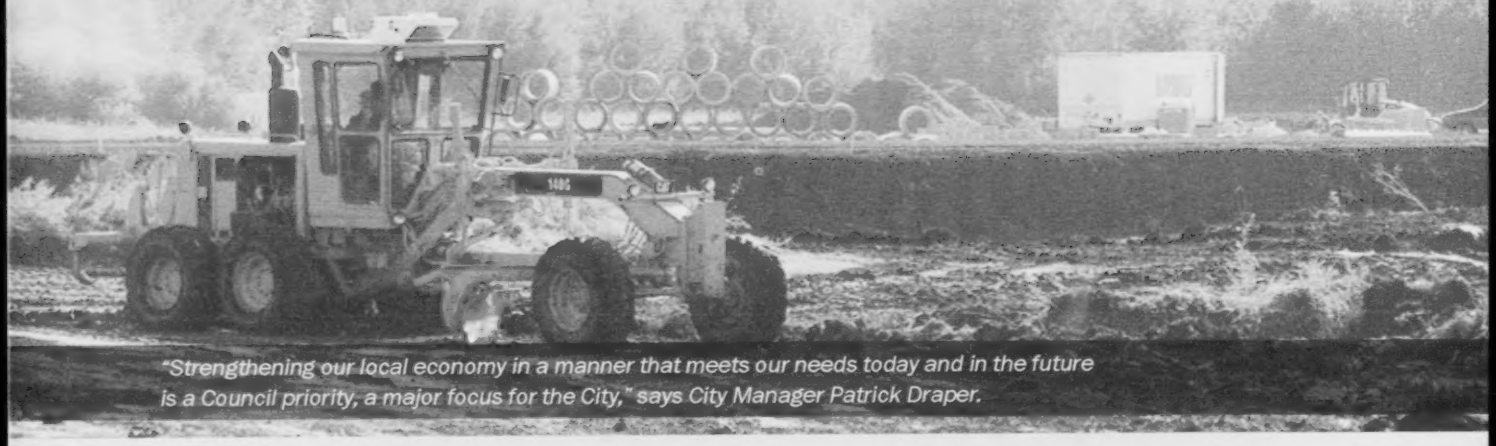
Ray Gibbon Drive Stage 3

Construction continued throughout 2012 with some delay due to excessive rain in July which resulted in a significant number of days lost. This project was 45 per cent completed at the end of the year. The work is expected to be completed in August 2013.

Ensure Sufficient Amounts of Land are Available for Non-Residential Growth

To assist with attracting more businesses and employment to St. Albert and thereby help reduce tax burden on residents and ensure long-term economic development in the city, Council and Administration have been actively working on ensuring sufficient amounts of land are available for non-residential growth since Council received *the Future Study Areas Report: Potential Industrial Land* report in November 2011. In June 2012, Administration presented to Council a set of recommendations to ensure the Municipal Development Plan (MDP) is in compliance with the Capital Region Board (CRB) growth plan to designate about 250 hectares (617 acres) of land in west St. Albert, north of Big Lake and west of Ray Gibbon Drive, for future light industrial development (employment lands). Council approved first reading of the proposed MDP and intermunicipal development plan (IDP) amendments in December 2012. Thereafter, the Capital Region Board approved the proposed MDP amendments and City Council will consider final approval of the amendments to the MDP and IDP in January 2013.

As the single largest industrial development in the history of St. Albert, the "employment lands" open opportunity for business investment and employment growth.



"Strengthening our local economy in a manner that meets our needs today and in the future is a Council priority, a major focus for the City," says City Manager Patrick Draper.

OTHER ITEMS OF IMPORTANCE

New Development Construction Value

In 2012, the value of residential and non-residential construction increased compared to 2011. Increase in residential development is mainly due to an increase in single-family unit development in Erin Ridge North.

Wayfinding Project

The planning phase and the design phase of the wayfinding project is almost complete. When completed, the plan will help guide visitors and residents through St. Albert and will answer the following three questions:

- Where am I in the City?
- How can I get to my destination?
- What is here to interest me?

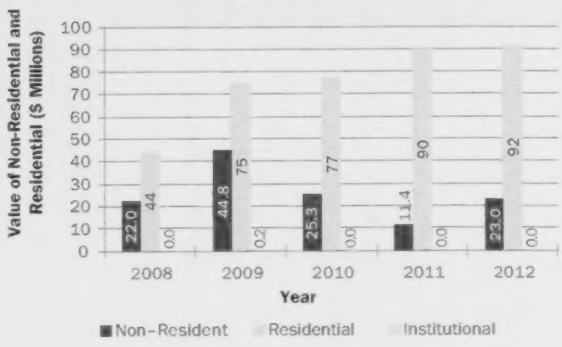
The plan will be presented to the Senior Leadership Team in early 2013.

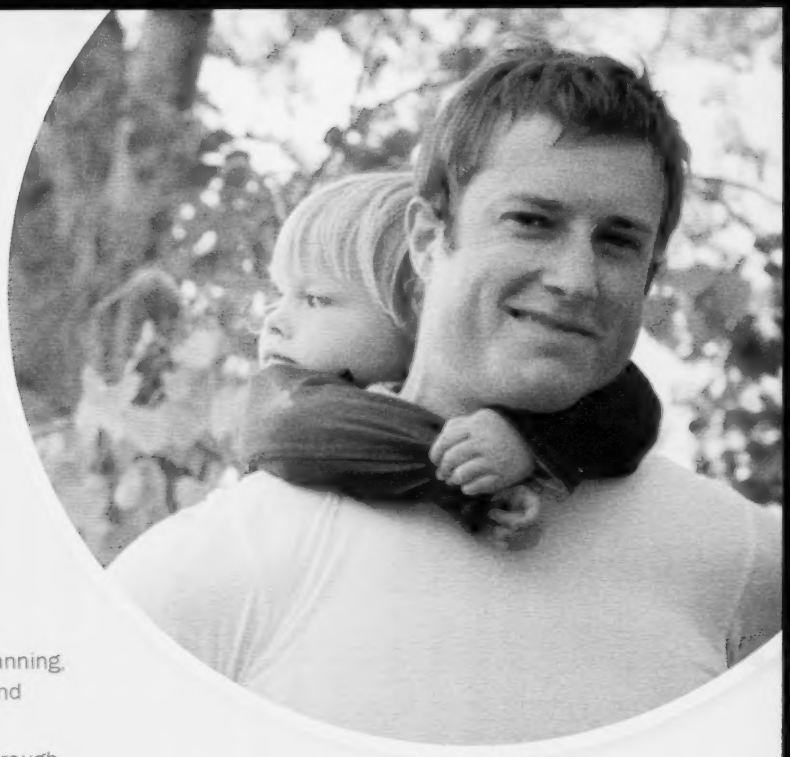
Engineering Standards Design Principles

Administration presented Council with 12 proposed updates to the Design Principles within the City's Engineering Standards. Council approved nine of the principles and directed Administration to incorporate them into the Municipal Engineering Standards; one principle was not approved; and Council deferred dealing with the outstanding principles in January 2013.

NEW DEVELOPMENT CONSTRUCTION VALUE

January 1 to December 31





COMMUNITY DEVELOPMENT

Strengthen St. Albert's social fabric and enhance the safety and health of St. Albert's families.

BUILD OUR COMMUNITY

Plan for a Community Support Centre

Administration completed a preliminary facility business case for a venue to serve as a Community Support Centre for residents and provide access to social programming. The capital cost for this facility was included in the City's 10-Year Capital Plan. This project is currently funded for $50,000 in 2013 for planning. $1.2 million is identified in 2014 for detailed design and $14.4 million in 2015 for construction.

A review and update of the program was completed through consultation with the proposed tenants of the new Community Support Centre. The program update was based on changes in the proposed space needs of tenants. Administration proceeded with a search for a new building site, and had identified three different sites in the downtown core. The sites are being evaluated in terms of the updated facility program, the area required, the associated parking needs of the building and other requirements.

Respond to Changing Demographics

Administration proceeded with development of the Social Master Plan that will provide strategic direction and serve as a framework for social planning, policies, programs and initiatives. In 2012, a series of consultations with key stakeholders took place including Council members, residents and community groups. Information gathered will provide Administration with additional input for the final Social Master Plan. The plan is expected to be presented to Council in 2013.

Enhance Neighbourhood Development

A number of initiatives took place in 2012 to support enhancement of neighbourhood development including:

Family Day Frostival

The City worked in partnership with the Spirit of St. Albert Society (SOSA) to plan and deliver the Family Day Frostival activities in February 2012. The involvement of other community groups meant that the event was able to expand to two days this year, with activities taking place at St. Albert Place, Grosvenor Outdoor Rink and Park, Lacombe Park and Heritage Lakes. Over 6,000 people enjoyed the Family Day Frostival sites and activities.

Spirit of St. Albert Society

Administration completed the following initiatives to support the efforts of the Spirit of St. Albert Society:

- A memorandum of understanding (MOU) was developed with the Spirit of St. Albert Society to provide terms of reference and a framework for community events that will be organized by the Society.
- Administration provided traffic control, marshalling and some site set up and tear down support to the Soap Box Derby event held on June 17, 2012 with over 115 registered participants and over 500 spectators.
- Logistic support was provided for the River Valley Picnic.
- Evaluation of 2012 events and planning for 2013 events.

The Neighbourhood Development Network

The Neighbourhood Development Network was created which provides residents with a unique opportunity to share neighbourhood success stories and communicate new opportunities to their neighbours. The Network established the following goals:

- share ideas with neighbours
- act as Neighbourhood Ambassadors
- identify and build on existing assets within neighbourhoods
- seek out and engage diverse membership
- create and communicate St. Albert history
- promote safety
- be a sounding board to Administration for new ideas and strategies

October 15, 2012 – Winners of the City's Good Neighbour Award are celebrated during a City Council meeting.

The Good Neighbour Award

This newly introduced program provided an opportunity for residents to recognize their neighbours in formal and informal ways. Formally, residents can fill out a nomination form along with a brief description explaining the reasons for nominating their neighbour. All nominees receive a certificate and a personal letter of recognition from the Mayor and are entered into a draw to win a one-of-a-kind painting by a local artist. For informal recognition, residents can download a printable Thank You card from the City website and present it to their neighbour. Four Good Neighbour Awards were presented by City Council.

Getting together with neighbours for a warm evening of fun and food is not only enjoyable, but it also allows for a renewed attachment among people in the area.

Multicultural Day

Administration coordinated a Multicultural Event in a local elementary school—Elmer S. Gish—for their first annual Multicultural Day. Six different cultures were showcased through dance: Chinese, Indian, Ethiopian, Arab, Scottish and Aboriginal. The celebration was a great success.

Block Parties

In 2012, 83 block parties took place, with Erin Ridge having the highest number of block parties (13), followed by Grandin (9) and Lacombe Park (9). There were an average of 58 people per event.

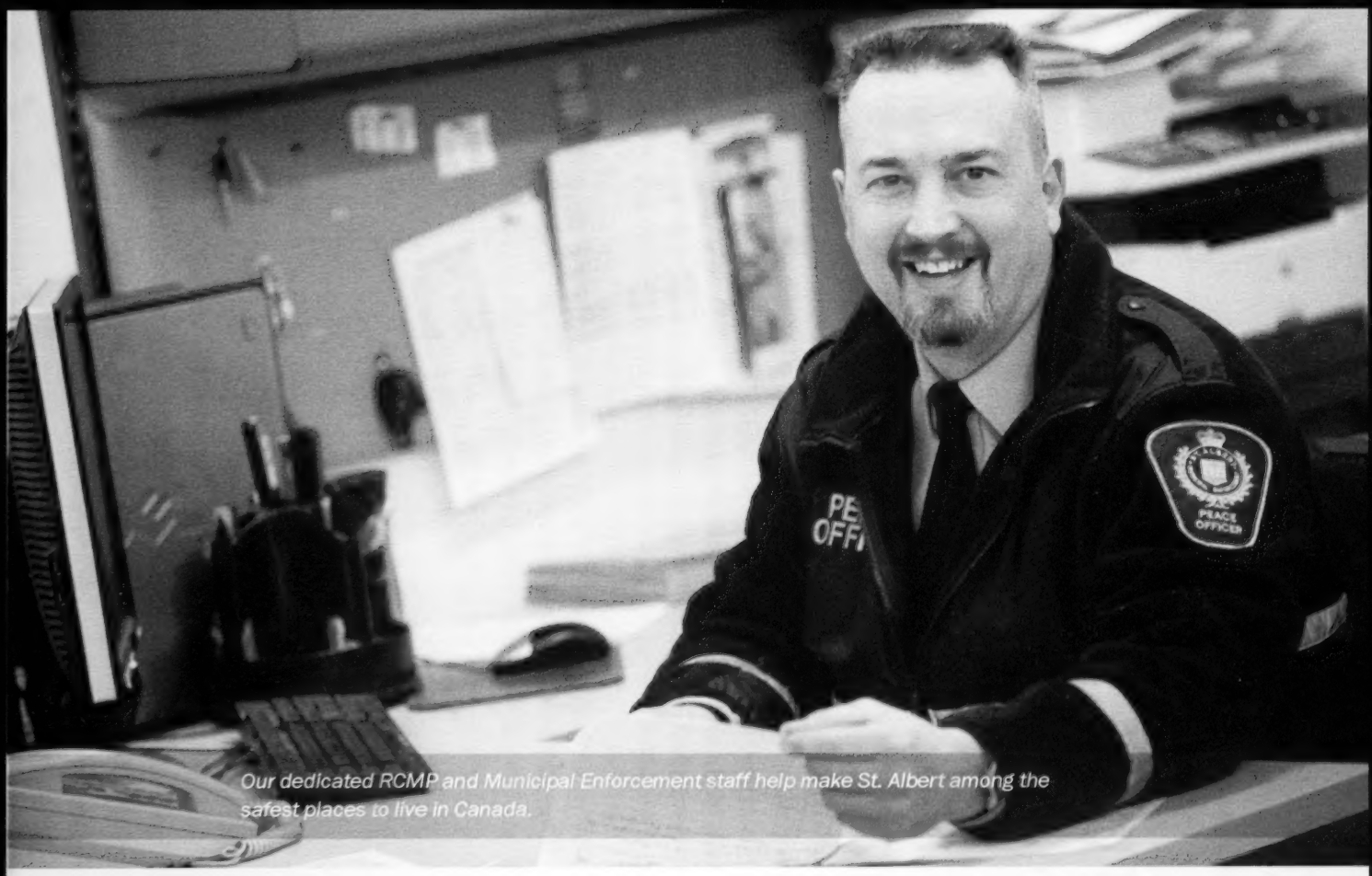
A survey indicated that 91 per cent of respondents felt that the "feeling of community and connectedness" in their neighbourhood had improved. In addition, 100 per cent of organizers stated they would organize a block party again and 38 per cent of respondents expressed interest in being involved in the Neighbourhood Development Network.

New this year were garbage barrels which were available for residents to paint at their party and a range of supplies that groups could borrow from the City to assist in a successful block party event.

Recognize the 2012 Special Olympics Canada Winter Games Legacy

The following activities took place in 2012 to support the legacy of the 2012 Special Olympics Canada Winter Games:

- The capital legacy element was identified. This will become the physical legacy to commemorate the 2012 Special Olympics Canada Winter Games. The mural unveiling which will be located in the Kingswood Park Day Use Area is planned for spring 2013.
- Replacement of the torch cabinet is underway with a plan to locate it in Servus Credit Union Place at the same time as a public art unveiling.
- The employment program that recognizes employers of persons with developmental disabilities was launched in May 2012.
- Council approved a business case for Administration to work with St. Albert Special Olympics to plan annual legacy events and/or activities.
- Special Olympics Canada presented the Special Olympics St. Albert with a Games legacy cheque of $12,000. These funds will aid in further development of athletes in the community.



Our dedicated RCMP and Municipal Enforcement staff help make St. Albert among the safest places to live in Canada.

SAFETY AND HEALTH

Promote Long-Term Safety in the Community

Administration continued to work on the Policing Services Long-Term Department Resource Plan; however, the progress was slower than anticipated due to scheduling and resource challenges.

The project team worked with the Steering Committee to revise the scope of the plan. The new scope focuses on resource requirements for RCMP and Municipal Enforcement and subsequent Municipal Support required. The scope also includes identifying the future continuous improvement projects that will focus on reviewing programs and services within established timelines. A working draft of the Police Long Term Department Resource Plan will be presented to the Project Steering Committee for their review and input by the end of May 2013. The final plan is expected to be ready for presentation to Council in the fall 2013.

Attract Additional Physicians and Medical Services

A party has expressed interest in constructing a medical arts building next to the Sturgeon Hospital. The City continues to support this initiative, as appropriate.

ARTS, CULTURE AND HERITAGE

Establish the Long-Term Direction for Culture

In March, Council approved the Culture Master Plan. The plan provides a vision and guidelines for the evolution of culture, arts and heritage in St. Albert over the next 10 to 15 years. Following the approval, Administration developed an implementation plan with several initiatives included in the department's business plan to be completed over the next three years as per the approved budget.

Improve Arts, Culture and Heritage Facilities

Council approved a lease agreement with the Visual Arts Studio Association (VASA) for the Hemingway Centre to be used as an artist run centre, complementing City and community programming.

Following the approval of a lease agreement, the VASA moved into the Hemingway Centre and is working on the installation of a new sign to identify the centre. Administration continues to work with VASA to further develop the artist-run centre in the Hemingway building.

The Hemingway Centre area was also identified as a site for a future public art piece. This addition will assist in further enhancing the area.

The Hemingway Centre, now run by the Visual Arts Studio Association, supports the community in a new capacity.

COMMUNITY AMENITIES AND INFRASTRUCTURE

Develop Affordable Housing Options

The Affordable Housing Delivery Model

The model was approved by Council on June 25, 2012. The model outlines key strategies for the City to undertake over the next five years to facilitate affordable housing development:

- Develop policies to define and guide the City in its processes and efforts to meet the needs of the City's lowest income residents.
- Rank housing priorities to ensure the City's highest priority needs will be addressed.
- Establish housing targets and objectives based on Council's priorities, the availability of funding and desired outcomes.
- Provide ongoing monitoring of housing needs.
- Support regional initiatives and implementation plans.
- Coordinate efforts of housing providers.
- Develop a stable funding stream to support affordable housing initiatives.

Affordable Housing Policy
Administration developed an Affordable Housing Policy that will be presented to Council in January 2013 for their consideration and approval.

Habitat for Humanity
Habitat for Humanity held a key presentation in November and December and handed keys to 20 families in Aurora Place.

Nevada Place
The title of 10 Nevada Place was transferred to the St. Albert Housing Society in March 2012 following Council approval for the title transfer from Big Lake Pointe Development (BPD). The land ownership transfer will result in the Society's eventual ownership of 15 housing units in BPD's affordable housing project, providing St. Albert with more affordable housing options.

The Basement Suite Development Grant Program
Currently, 75 suites are involved in the program and 67 households completed development of their suites. The City is not accepting any more applications as the program is fully subscribed. Twenty-four people are on the waiting list in case approved applicants opt out or sell their home. In these cases, the money will be returned to the program. Participation in this program increased compared to 2011 when 69 suites were involved in the program.

Establish the Long-Term Direction for Recreation
In February, Council approved the Recreation Master Plan. The plan provides a vision and guidelines for the evolution of recreation in St. Albert over the next 10-15 years. Administration developed a three-year implementation plan with initiatives to take place as per the Council approved budget.

Complete Implementation of Dog Parks

Levasseur Dog Park
As a result of community feedback on June 25, 2012 Council directed Administration not to proceed with construction of the Levasseur Dog Park. Administration was asked to look into another location for the dog park.

Lacombe Dog Park
The implementation of Lacombe Dog Park was completed in 2012.

Location of an Additional Dog Friendly Park
On June 25, 2012 Council accepted the Dog Owner Advisory Committee's recommendation to consider the grounds around the storm pond in Campbell Business Park as the proposed location for the next dog friendly park. An open house for the concept design of the Campbell dog-friendly park was held in November 2012 at Servus Credit Union Place. During the open house, attended by 21 residents, participants were also asked to comment on possible locations for future dog parks. Information gathered from these events will be presented to Council in 2013 for their review and approval.

Waste Bag Dispensers
Administration piloted the dog waste bag dispensers in Lacombe Park. Volunteers from St. Albert 50+ Club constructed 40 dispensers that were covered with weather-resistant wrapping material with a design consistent with the City brand. In addition, dispensers are stocked by dog owners instead of Public Works employees resulting in on-going operational savings. The project was well-received by dog owners. This capital project was originally estimated at $45,000. By finding alternate ways to construct the dog waste bag dispensers, the final cost was $10,000 resulting in net savings of $35,000.

Keeping our city clean with dog waste bag dispensers.

The location of an additional dog friendly park continues to be a community priority.

Review Infill Guidelines

An infill regulation adopted by Council is in place for single detached dwellings.

Consider Options for Accessible Transportation to Edmonton

Administration developed a number of alternatives to address areas of improvement following a review of the City's Handibus system. Items identified during the review included: eligibility/registration; trip planning/dispatch; and fares; and service delivery. Administration presented the alternatives to the public, stakeholders and Council for feedback before the final report on the Handibus Special Transit review was completed.

The final report included recommendations for:

- developing specialized transit service standards
- amending eligibility criteria
- exploring trip scheduling and opportunities for efficiencies
- regional service into Edmonton
- use of supplemental taxis
- organizational structure
- vehicle types and specifications
- expanding hours of operation and integration with conventional service
- fare policy
- collaboration with community groups, Capital Region Board partners and the Province of Alberta

Administration will proceed with implementation activities approved by Council for 2013.

St. Albert Transit is committed to improving user experience.

The numbers of collisions and non-injury collisions decreased in 2012.

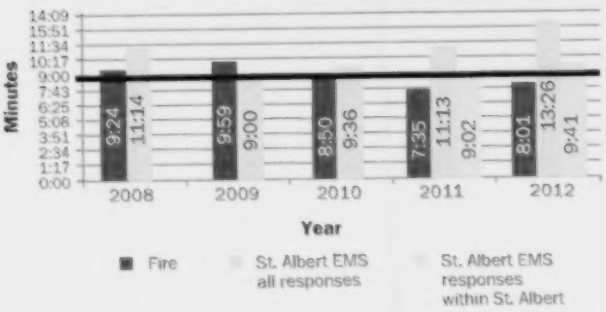
OTHER ITEMS OF IMPORTANCE

Public Safety

Fire Services Response Time

The target of responding within nine minutes to 90 per cent of fire and EMS calls within St. Albert was met in 2012. The "EMS all responses" encompasses travel outside St. Albert which results in a longer response time.

EMERGENCY SERVICES RESPONSE TIME



Target: Respond to 90% of fire & EMS calls within nine minutes

St. Albert Detachment

The new Officer in Command

In April, St. Albert Detachment welcomed Kevin Murray, the new Officer in Command. The main focus for the new Commander is to develop policing priorities for the year including: youth initiatives, substance abuse, traffic and graffiti.

Green Space Patrols

RCMP completed another successful Bike and Cart Patrol season with 220 patrol shifts in 2012. This crime reduction initiative is aimed at proactive visibility and enforcement on the trails, green spaces and special events organized throughout the city. With the increased presence in downtown area, the police received positive comments from area businesses acknowledging a decrease in liquor and nuisance behaviour. In addition, Bike and Cart patrols visited 56 organized block parties held throughout the community. In total, 556 positive tickets were handed out and 395 violations tickets were issued during the 2012 Green Space Patrol.

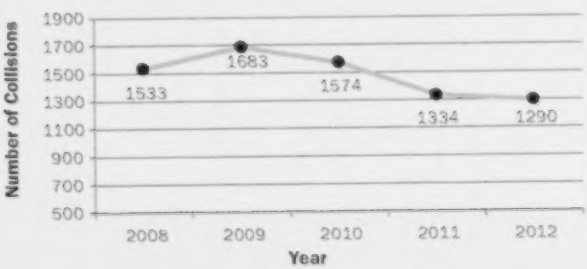
Traffic Enforcement

RCMP Traffic Section and Municipal Enforcement Services conducted a number of joint enforcement road checks to draw attention to school zones and the associated speed limits. In addition, the RCMP focused on school areas during three key times throughout the school day.

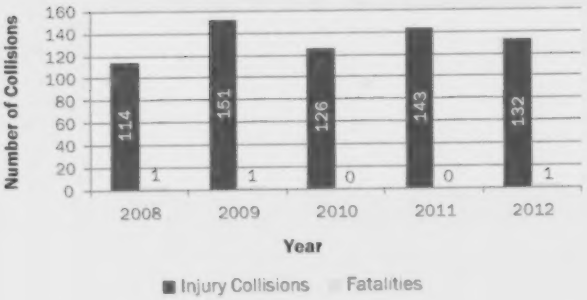
Injury and Non-injury Collisions

Compared to 2011, the number of injury and non-injury collisions decreased in 2012. This decrease is believed to be as a result of better road conditions in quarter one of 2012.

NUMBER OF NON–INJURY COLLISIONS
January 1 to December 31



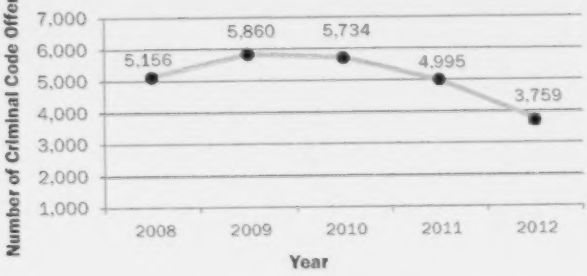
NUMBER OF INJURY COLLISIONS
January 1 to December 31



Criminal Code Offences

Criminal code offences continued to decrease in 2012 with an approximately 33 per cent decrease compared to 2011. This is the lowest number of criminal code offences in St. Albert compared to the last five years. Police believe this decrease continues to be partially due to the City's social development initiatives.

NUMBER OF CRIMINAL CODE OFFENCES
January 1 to December 31



New Building for Policing Services

Council approved the purchase and funding plan for the August 2012 acquisition of the building at 50 Bellerose Drive to accommodate St. Albert's policing needs for the next three decades. The new building will be used as a satellite RCMP office with no public access, while the existing RCMP Headquarters will remain as the point of contact for the public. Renovations are well underway with three City departments (FCSS, Recreation Services and Policing Services) scheduled to move in, in February 2013.

Youth Initiatives

Youth Programs

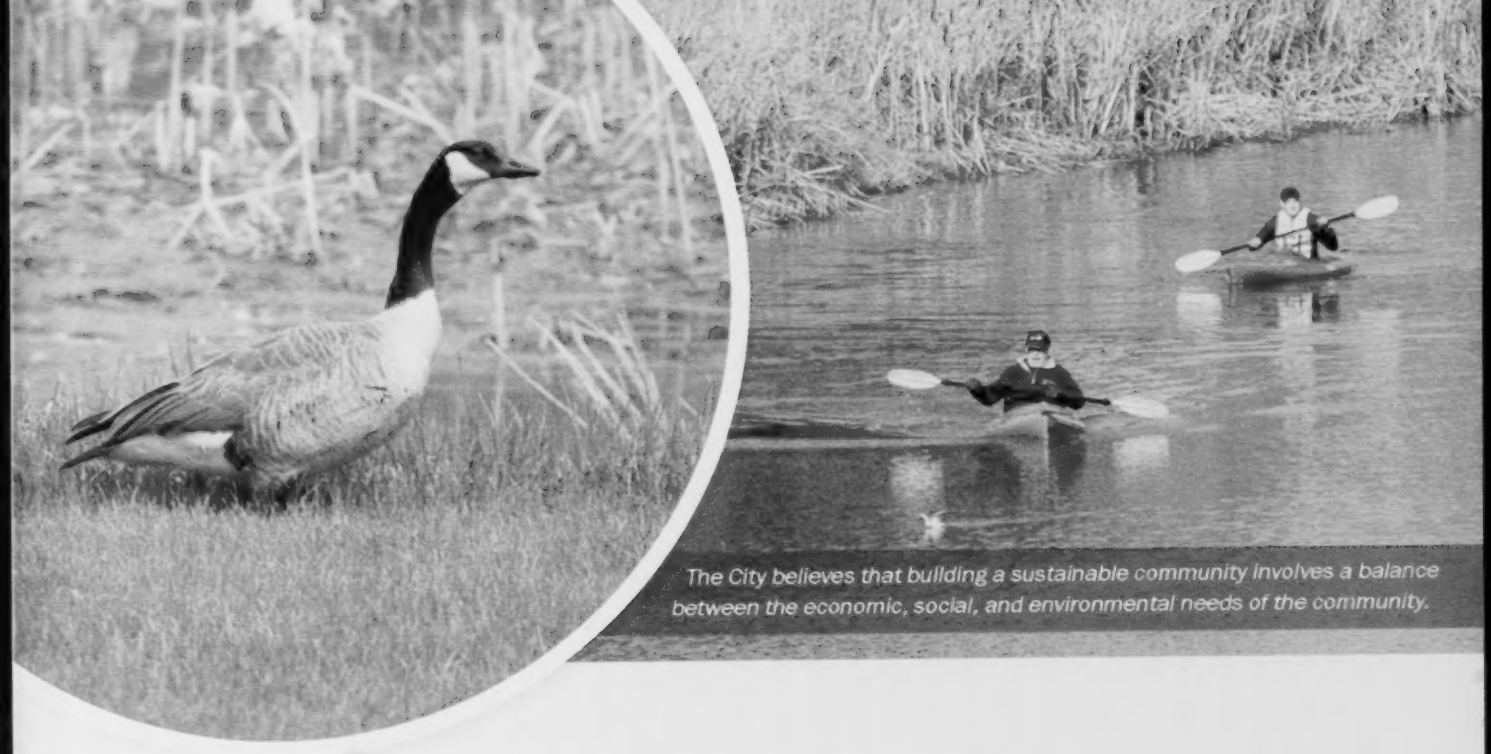
The following activities took place in 2012:

- Youth Academy — In March, 20 grade 11 students participated in the first St. Albert Youth Academy. The RCMP Youth Academy is a week-long overnight camp held at a local high school that recreates the RCMP Training Academy named "Depot". The youth "cadets" learn about policing through lectures and practical, hands-on lessons taught by RCMP police officers. The second annual RCMP Youth Academy will take place in spring of 2013.
- D.A.R.E. Program — The program for Grade 6 students in St. Albert continued with 38 classes completing the program in 2012. The program gives students the skills they need to avoid involvement in drugs, gangs and violence.
- Drug Awareness Program — A program focusing on marijuana and its links to mental health issues was presented to all Grade 8 classes in St. Albert.
- Additional school presentations on safety and bullying were organized and implemented throughout the year.
- Officer liaisons continued to provide additional presence and greater interaction with youth in schools to foster youth engagement and promote Asset Development.
- The Asset Development team, together with Building Assets and Memories (BAM) youth, updated the communications strategy and developed a website to better incorporate social media.

Building Assets and Memories (BAM)

The group continued to volunteer for various initiatives in the community, including:

- BAM Factor— a talent show of local junior high students in Bellerose High School.
- 3rd BAM Jam— a dance for junior high students held at a high school with approximately 300 participants.
- 4th BAM Jam—a dance for junior high. A portion of the proceeds was used to fill Christmas shoeboxes.
- Planning for Canada Day youth longboard competition.
- Weekly visits with seniors at the Youville Home.
- Mentorship for junior high BAM clubs.
- 3rd Annual BAM Retreat—Venue for a group of junior high youth to share their ideas and priorities to make St. Albert an "ideal place" for youth.



The City believes that building a sustainable community involves a balance between the economic, social, and environmental needs of the community.

ENVIRONMENT

Preserve and promote the enjoyment and responsible development of natural areas.

ENVIRONMENTAL STEWARDSHIP

Create a Vision for the Sturgeon River Valley

The State of the Sturgeon River Watershed report was presented to Council on April 28, 2012. The report compiles existing data, research and information regarding the watershed. It acts as a benchmark against which future actions will be considered. The report indicated an overall condition of "fair". The key recommendations include:

- Minimizing impact of urban sprawl.
- Preventing future loss of natural areas especially wetlands and riparian areas.
- Reducing amounts of pollutants entering the watershed, such as fertilizers, pesticides and road salts.

The full technical State of the Sturgeon River Watershed Report was released in November. Approximately 50 copies were distributed to municipalities and schools within the watershed along with invitation to participate in the formation of a watershed stewardship group in 2013. The formation of this group will be in partnership with Alberta Environment, North Saskatchewan Watershed Alliance and the City of St. Albert.

Administration will proceed with approved recommendations from the State of the Sturgeon River Watershed report in 2013.

The State of the Sturgeon Watershed report summarizes current knowledge of the watershed and comments on its environmental integrity.

Develop Stewardship Plan for Grey Nuns White Spruce Park

In early 2012, Administration completed the selection process for the Grey Nuns White Spruce Park Committee and appointed four City members and five community members for a five year term. The main focus for the committee is to develop a long-term management plan for the Park.

The Committee compiled a list of how the forest could look into the future and completed research necessary to draft the management plan. The history and current state of the forest sections of the plan are expected to be completed by the end of January 2013. The final plan's completion is expected in early 2014.

Obtain International Organization for Standardization (ISO) Certification

In August, Public Works received the ISO 14001 Certification following an audit completed in July.

ISO 14001 is an international standard for environmental excellence developed by the International Organization for Standardization. The Public Works Environmental Management System was a two-year project with two City departments working together to identify and control the environmental impacts of daily operations at Public Works. Maintaining ISO 14001 standards helps the department take a proactive approach to managing environmental issues and focusing on continually improving its performance.

Develop Greenhouse Gas Emissions Action Plan

The City received $15,000 in matching funds from the Federation of Canadian Municipalities' (FCM) Green Municipal Fund for development of the Greenhouse Gas Emissions Action Plan. The contract was awarded to the Pembina Institute/Centre for Sustainability Whistler. The project commenced in December with the report expected to be completed by fall of 2013.

CLEAN-UP, STABILIZATION, MONITORING AND REPORTING

Assess Mitigation Strategies for the Old Public Works Yard

The Site Risk Assessment and Management Alternatives report was completed. The recommended remediation plan includes the removal of approximately 2,000 cubic meters of contaminated soil plus the ongoing groundwater monitoring of the site. The funding for this project was included in the 10-Year Capital Pan and its completion is expected by the end of 2014.

Clean up and Stabilize the Sturgeon River

The Sedimentation and Erosion Control project continues with a review and design for the eight high-priority outfall locations along the Sturgeon River. Two outfalls were retrofitted with grit interceptors in 2012. Design is underway for the retrofitting of an additional outfall in 2013 as well as erosion control repairs for the Grandin Ravine. Work will take place in approved time periods between 2013 and 2020.

Continue Remediation Work in Riel Park

The remediation work in Riel Park commenced in August 2012.

Clay and a bottom layer of topsoil were installed on all fields except a small portion of the practice soccer field. The top layer of topsoil and irrigation systems were installed on two fields. Placement of top layer of topsoil and irrigation system will re-commence as weather permits in 2013. The contractor will continue to haul and store topsoil during winter months as weather permits.

Administration maintains frequent contact with the stakeholders and is actively monitoring any impacts that clubs may experience. The fields will be ready for play by August 2014.

The Waste Management Program exceeded its waste reduction goal in its first year.

PROMOTE ENVIRONMENTALLY SUSTAINABLE PRACTICES

Water and Energy Efficiency in New Developments

The Water Conservation Plan was presented to Council on August 27. The plan included recommendations for a water efficiency bylaw and a block rate structure for water rates.

Administration implemented the low-flow and dual-flush toilet rebate program that provides rebate to residents for replacing old, inefficient or dual-flush toilets to reduce water consumption. The program sold out in August with the allocation of $30,000 in rebates given to approximately 400 residents.

Administration is in process of developing the LEEDS Silver Policy for New City Buildings, Water Efficiency Bylaw for new development and escalating block rate structure for water use. Once drafted, these documents will be reviewed by the Environmental Advisory Committee before they are presented to Council for approval in 2013.

Waste Plan for Civic Buildings

Following an audit of all City building waste disposal practices, the waste plan for all major civic buildings was developed and completed. The service allows staff and patrons to dispose of recyclable material at all City buildings. An order was placed for recycling receptacles which will be delivered and placed in City buildings in January 2013.

Review the Waste Management Program

A one-year review of the waste program was completed and the report was presented to Council on June 25, 2012. Overall, the program has exceeded the waste reduction goal set in the Environmental Master Plan in its first year:

- Reduce solid waste to 125kg per person per year by 2020.
- Reduce the amount of waste sent to landfills by 65 per cent by 2020.

Following the presentation to Council the following activities took place in line with the action plan presented:

- The City reached an agreement with the City of Edmonton for the acceptance and composting of bagged leaf material during the fall collection period at no additional cost to the City. This arrangement was advertised and communicated to residents.
- The first "Large Item Event" was held on July 28, 2012. The event was well attended with 224 vehicles recorded during the event. The next event is scheduled for October 13, 2012 at the Public Works facility. The event was well attended with 270 vehicles.
- Recycling and organic collection options for schools were presented to representatives from the Greater St. Albert Catholic School Board. The City of St. Albert will not be providing the service directly to schools; however, suggestions on how to better utilize existing contracts were shared, including other low-cost diversion options.

- Improvements to the Waste Programs Collection schedule were made, which reduced the need for additional advertisement for the waste program.
- The fall compost giveaway event was held on September 29, 2012 with great success.
- The leaf program for 2012 was completed in November.
- Cart size was optimized to meet customers' needs.
- A statutory holiday service review was completed.

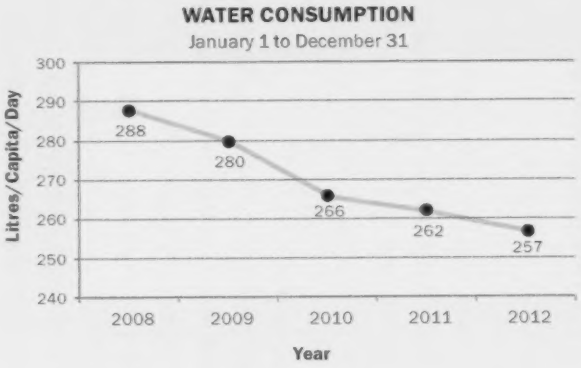
OTHER ITEMS OF IMPORTANCE

Solid Waste and Recyclables

Compared to 2011, there is an increase of 30 per cent of organics disposed and 20 per cent of electronics (e-waste). The amount of garbage disposed decreased by 17 per cent and approximately one per cent of recycling. The large variance in composition of organics and garbage was the result of the new program introduced.

Water Consumption

Water consumption in St. Albert continues to decrease compared to previous years. The City is on track to meet its target of reducing water consumption to 200 litres or less per person by 2020.



Target for 2012: 255 litres per person per day

Air Quality Monitoring Station

The Province agreed to build a permanent air quality monitoring station in St. Albert. The station that will most likely be built in 2014 will give residents hourly reports and forecasts on the state of air pollution in St. Albert. Administration is working on identifying a location for the new monitoring station.

GOVERNANCE

Improve efficiency, plan strategically, enhance accountability and build effective partnerships and relationships to ensure the right choices for St. Albert in both the immediate and longer term.

PLANNING AND REPORTING

Enhance Strategic Focus

A common vision for the community of St. Albert is needed to guide future decisions, investments and actions.

Council discussed a series of strategic themes at its planning and priorities session in June 2012. It was noted that although there is an articulated vision statement for St. Albert in the current Municipal Development Plan, a new strategic plan that sets out a long-term vision for the city should be developed following the next municipal election.

Enhance Evidence-Based Decision Making

Performance measurement and reporting is critical for good decision making by the City's elected officials and its managers and for accountability to St. Albert residents.

In 2012, Administration initiated a performance measurement and reporting program that will provide timely and accurate information on the state of the City and enhance Administration's ability to make evidence-based decisions.

The project plan for this initiative was updated in late 2012 to reflect a slight change in scope — focusing on municipal analytics and corporate reporting. This project has been identified as a continuous improvement project and is expected to continue in 2013.

GOVERNANCE CAPACITY AND POLICY DIRECTION

Effectively Manage Responsibilities and Workloads

The Council Remuneration Review Committee considered the potential for a full-time Council and recommended that Councillors remain part-time. Council may consider additional opportunities to balance workloads.

Ensure Most Effective and Efficient Model of Governance is in place

On April 16, 2012, Council approved a Governance Review Committee comprising the Mayor and two Councillors. The committee will review various elements within the approved terms of reference and will make recommendations back to Council in 2013.

Review and Modernize Selected Bylaws

Business Licence and Tobacco Retail Licensing Bylaws

At Council's direction, amendments were made to the Business Licence Bylaw and Tobacco Retail Licensing Bylaw. The updated bylaws, approved by Council on April 2, allow the City the discretion to impose conditions on businesses that wish to sell certain products including revoking business licenses if it is deemed in the public's best interest.

Animal Bylaw

An online survey regarding Animal Control options asked for public feedback and ran from May 14 to July 2, 2012. Over 800 residents participated in the survey. Administration compiled the results of the survey to develop the Animal Control Bylaw amendment recommendations that were presented to Council in September. Administration is following up on Council's directive and recommended changes before the final bylaw is presented for Council's consideration in quarter two of 2013.

Alarm Systems Bylaw

Council approved amendments to the Alarm Systems Bylaw in September. The changes are expected to establish an environment that will significantly reduce the number of false alarms and move towards more of a user pay service.

Traffic Bylaw

Council directed Administration to make a number of amendments to the Traffic Bylaw in relation to RV parking. Council did not approve the amended Traffic Bylaw after considerable debate on amendments that were brought forward.

Council is committed to building our community to meet the needs of residents and businesses, further strengthening St. Albert

Master Bylaw

Council approved an amended bylaw that would update the Master Rates Bylaw, the Business License Bylaw, Fire Services Bylaw, Animal Bylaw and Tobacco Retail Licensing Bylaw. This thereby established the 2013 fees as pre-described under these bylaws. This process is related to the annual budgeting process and ensuring that rates being paid are modern and appropriate.

PARTNERSHIPS AND RELATIONSHIPS

Advocate for and Actively Engage in Dialogue with Other Orders of Government

Administration's representative was designated to coordinate the City's activities and provide support for Council's advocacy activities in relation to other orders of government. Administration is developing a strategic government relations strategy to increase the City's capacity to advocate for high priority local matters. A planning session with Council took place in November and additional sessions will take place in 2013 before the strategy and its various elements is in development and implemented in 2013.

Build Positive and Productive Working Arrangements

The Society of Friends for the St. Albert Public Gardens

The lease agreement was reached with the Society of Friends for the St. Albert Public Gardens (Botanic Park).

St. Albert Nordic Ski Club

Administration worked with the St. Albert Nordic Ski Club to prepare a proposed lease agreement that will be presented to Council in early 2013.

The Arts and Heritage Foundation (AHF) Stewardship Agreement

Council and Administration continued to work with AHF to review and update the agreement. A series of reports were prepared and presented to Council including history and background information as well as service delivery options. The current agreement was extended until the new agreement is finalized in early 2013.

St. Albert Minor Hockey Association (SAMHA) Lease Agreement

The lease agreement for the SAMHA's use of Akinsdale Arena was renewed and will be in place for 10 years.

Fastball St. Albert

Administration is working on a lease agreement with Fastball St. Albert for a portion of the Willoughby Clubhouse and Willoughby ball diamond. In addition, Administration is working with the Club to create a 5-10 year business plan for the acquisition of land to build a four- ball diamond facility in St. Albert.

St. Albert Soccer Association (SASA)

Administration discussed their vision for a "Field of Dreams" with SASA. The association's vision is a 20- to 30- acre soccer complex with indoor and outdoor fields and administrative offices that will serve St. Albert and surrounding region.

FISCAL RESPONSIBILITY

Enhance the City's Fiscal Responsibility

City's Taxation Policy

The City Assessor held tax policy workshops for the City's Senior Leadership Team, Council and the St. Albert' District Chamber of Commerce. The workshops helped clarify information relative to tax policy, tax split and the role that new growth plays in effecting tax split. Policy additions and amendments were adopted by Council on April 16, 2012.

Utility Fiscal Model

Administration is reviewing the City's Utility Fiscal Model and will be providing recommendations to Council in 2013.

Budget Guiding Principles Policy

Council approved the amendments to the Budget Guiding Principles Policy to incorporate the City's new philosophy on property taxation. This philosophy includes that ratepayers will be protected from dramatic shifts in market assessment and that the percentage of taxation the City receives from the non-residential sector will not decrease over time.

Develop Outside Agency Budget Guiding Principles

Following a consultation process, Council approved the Outside Agency Budget Guiding Principles Policy on April 16, 2012. This policy will ensure that the transparency and effectiveness of the outside agency budget process is improved. Process changes include the requirement of business cases for most civic funding requests from community organizations or groups and a review process through the Community Services Advisory Board which will then make recommendations to Council. Any approved funding will be included within the City's annual budget, up to a pre-determined funding allowance.

Practice Fiscal Restraint and Continuous Improvement (CI)

In September, Administration presented the first year report on Continuous Improvement including a progress update for the corporate-level projects and a summary of cost savings and cost avoidance realized through the operational level projects. Four corporate level projects out of nine are being carried over to 2013, including:

- Stakeholder Engagement
- Performance Measurement and Reporting
- Website Rationalization
- Photo Enforcement

Corporate CI Projects Update

Asset Management

This project includes software upgrades and related process improvements for Public Works. Through software demonstration, it was determined that the Asset Management Software Hansen 8 will only be acceptable for Public Works and Transit will pursue an alternative software solution to manage their fleet assets. This project is now complete.

Photo Enforcement Program

The purpose of this project is to review current service delivery of the Photo Enforcement Program and research alternative approaches and provide a recommendation to develop a long-term service delivery model. In quarter three, Administration collected relevant data and is continuing with the research required to recommend service delivery options. The report will be submitted to Senior Leadership Team in early 2013.

Overtime Analysis

The purpose of this project was to confirm that the usage of overtime takes place only after careful consideration of all attributing factors and that it is approved in accordance with the City's overtime policy. Administration presented the final report to Council in December. This project is now complete.

The Information Technology Services Department provides wireless Internet "Free Spot" for users of St. Albert Place.

Library—IT Review

The purpose of this project was to audit the information technology (IT) resources and the capabilities of the IT staff within the City and the Library. The project also explored opportunities for collaboration while addressing the IT needs of both organizations.

A survey with other municipalities was completed to collect information on IT services and to establish a benchmark for resources required to provide IT services. The final report was provided to the City's Senior Leadership Team in November. This project is now complete.

Civic Office Space Optimization

Administration presented a detailed report to Council in July 2012 detailing the options for civic space needs. Council approved a phased plan which will address current and future office space constraints faced by the City. The plan is designed to ensure that operations, client service delivery and employee wellness are maintained over time. This project is now complete with implementation to follow according to established phases and timelines.

Records and Information Management Review

Records Management's operation was reviewed and a set of recommendations were provided. Administration developed an implementation plan with initiatives scheduled to take place over the next three years to address the following recommendations:

- Explore opportunities to utilize information technology in order to improve efficiency of information management and access.
- Improve internal processes to ensure consistent implementation of records management practices.
- Develop and implement a file classification system to ensure consistency throughout the City.
- Developing a business continuity plan including records requirements.

This project is now considered complete with full benefits being realized once the recommendations are fully implemented.

Departmental Initiatives

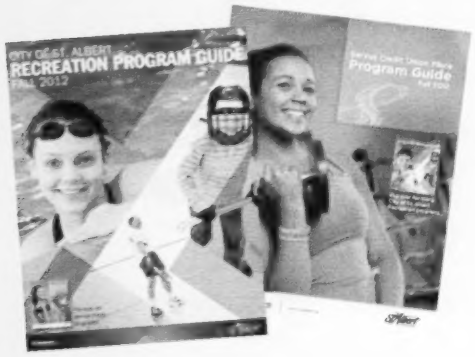
Electronic Distribution of Council Agendas

Electronic distribution of selected Council agenda materials was increased resulting in:

- a 25 per cent reduction in paper consumed
- a 50 per cent reduction in delivery-related expenses
- efficiency gains throughout the process
- improved access and convenience for recipients

Joint Program Guide

To satisfy needs of the community and improve service delivery, Servus Credit Union Place and Recreation Services developed a joint program guide. The guide contains all Servus Place and recreation services, fitness and recreation programs as well as standardized registration dates.



Released in July 2012, the Servus Place and Recreation Program Joint Guide made it easier for residents to register for city recreation programs

Asset Management/Fleet Services Software Upgrade

An online database was acquired as an alternative to hard copy service manuals that the City previously purchased. This database, accessible by City staff and technicians for new vehicle and equipment service needs, consisted of a one–time investment of $1,500. The elimination of an annual fee and manual purchases means that the City will save approximately $2,000 per year.

On-line Volunteer Management System — International Children's Festival

An on-line volunteer management system was implemented, replacing a 15-year old manual system. The new system allows volunteers to create a profile, review volunteer positions and position descriptions, view available shifts and sign up volunteers. The system is available 24/7.

The following benefits have been identified as a result of this new system:

- an ability to generate information and conduct analysis to better plan events
- reduction in staff time spent on data entry
- reduction in time spent on the phone with potential and current volunteers to schedule their participation
- reduction in overlapping assignments
- more efficient mass communication with volunteers

Hydrant and Water Distribution Flushing Initiative

Geographical Information System (GIS) data retrieval of hydrants was incorporated into the annual flushing pre-program, resulting in approximately $1,000 cost avoidance.

In addition, the water distribution flushing process was modified to reduce the flushing duration per water line segment and the hydrants and valves were adjusted to optimize water flow. This approach reduced interruptions to traffic during flushing and reduced the amount of water used.

Cultural Services Promotion

To improve communication and awareness of programs and services offered by Cultural Services, the department completed several initiatives in 2012:

- New Cultural Services web page was launched — www.sta-culture.com.
- Calendar of activities now available on the website.
- Two program brochures were developed.
- Public art located throughout the city was mapped out.
- Cultural services marketing materials were updated to reflect the City's brand.

Increased Network Bandwidth
There was a need to increase the network bandwidths capacity at the City due to increased users and applications on the network. The City transitioned from a single, 10 mbit/sec pipe that was shared with the Library to two separate 20 mbit/sec connections, one for the City and one for the Library. This provided greater network bandwidth and eliminated challenges with connection for both the City and the Library while still providing back up options should either the City or Library require it.

Online Training Videos
Online training videos were created for safety orientation, emergency procedures, Public Works department orientation, driving safe work procedure and arena ice replacement. This initiative resulted in consistently trained staff who can provide higher standard of service. In addition, 310 instructor hours to teach these courses were saved and allocated to other department and corporate initiatives.

Human Resources Position Advertising Strategy
The City changed its advertising strategy for new positions by using social media instead of major daily papers. This resulted in $23,300 cost avoidance for the City.

Fountain Park Unit Reorganization
The organization structure was changed to ensure stronger accountability and to support the staff retention program. These changes resulted in improved customer service, job descriptions aligned with responsibilities and more opportunity for succession planning. A total of $82,000 was saved from salaries and casual wages.

Changes to Janitorial Structure at Servus Place
A janitorial company was contracted to clean overnight which reduced the casual staff complement and associated costs. This initiative resulted in $40,000 savings.

Volunteer experiences are rewarding and allow for the opportunity to build relationships among residents.

Fire Services Wellness Program
A new medical services provider was selected resulting in lower rates for medical services. This initiative resulted in $10,000 savings.

Fire Services Turnout Gear
The Fire Department made more efficient use of operating budget with centralized storage of spare gear and training sets. This initiative resulted in $6,500 cost avoidance.

Inventory of City Databases
An inventory of City databases used by various departments was completed. The intent of this initiative was to identify any redundancies that may exist in the process of gathering and storing data. Over 400 databases were identified and in most instances sharing of pertinent data is contributing to a low level of redundancy. Results of this initiative may be used in the future for other Continuous Improvement projects.

OTHER ITEMS OF IMPORTANCE

Community Satisfaction Survey

The City conducts a biennial survey of residents to gather residents' opinions and their satisfaction with various aspects of living in the community, including services provided by the City. The survey took place April 30 to May 9 and results were presented to Council in July.

Ninety-nine per cent of survey respondents rated quality of life in St. Albert as either very good (62per cent) or good (37 per cent). The majority (83per cent) of survey respondents expressed some level of satisfaction with the services provided by the City, 14 per cent indicated a neutral satisfaction level and two per cent were very or somewhat dissatisfied.

Improved Public Access through Web Streaming

During the 2011 plan and budget proceedings, Council approved funds to equip the East Boardroom for web streaming of the Standing Committee on Finance meetings, improving public access. Required work was completed and web steaming started in May. Administration continued to work on improving sound projection within the room and quality of web streaming.

Strengthening Public Engagement

As part of Council's commitment to strengthening public engagement and encouraging dialogue, Council held three Council Town Hall meetings that included the following topics:

- Social Master Plan
- Economic Development
- 2012-2013 Priorities
- Animal Bylaw
- Light Rail Transit (LRT)
- Physician Attraction

Over 140 people attended these meetings.

In November, Administration presented an update to Council on Public Engagement. The Terms of Reference for the Council Town Hall Meetings were updated based on Council direction in November.

Budget Town Hall Meetings

In collaboration with community groups, Administration organized three 2013 Budget Town Hall Meetings. A co-host strategy with community groups was implemented which allowed the City to leverage the networks of each community group resulting in a record turnout. Over 80 residents were engaged in budget discussions during the three Town Hall Meetings.

Improved Communication with Residents

To strengthen communication with residents, the following activities took place in 2012:

- Citylights was redesigned in January to improve its use as a communications tool by better organizing information. Citylights was placed in the St. Albert Gazette and the St. Albert Leader.
- The Chamber of Commerce's Digital Signs ran 59 different City ads in 2012.
- One hundred and ninety six news releases were issued in 2012.
- Six Council Columns were placed in local newspapers in 2012. Administration assisted council with review of this initiative which resulted in Council's decision to discontinue the Column for 2013.

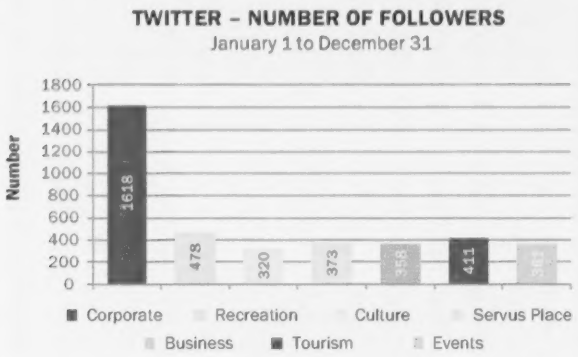
Budget Town Hall Meetings were attended by a variety of engaged residents.

Social Media

Administration implemented the use of social media in 2012 to provide information about news, programs and services and the City's operation. The following data is new; therefore, historical information is not available.

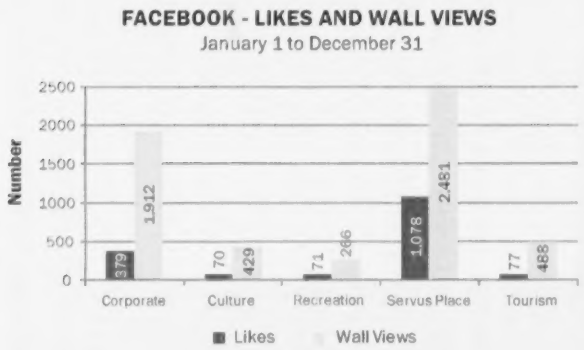
Twitter

In 2012, 3,919 new followers were registered on City Twitter accounts.



Facebook

Facebook activity continued to increase throughout 2012, especially the numbers for Corporate and Servus Place likes and wall views. Servus Place ran the "Like Us on Facebook" campaign that resulted in increased numbers for Wall Views and an additional 1,040 Likes for the Servus Place Facebook page.



City Website

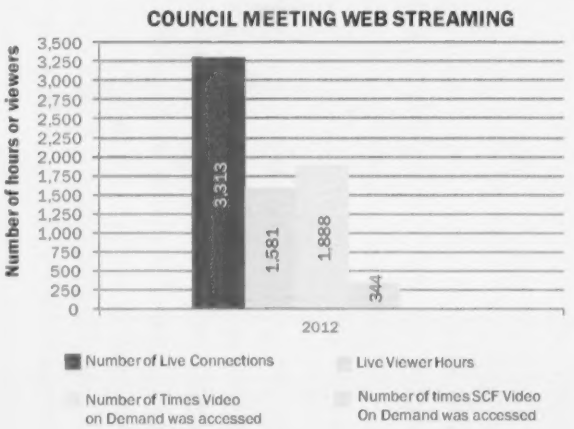
In 2012, website visits increased by 27.7 per cent compared to the same time period in 2011.

Top links in 2012 included transit, careers with the City, swimming, recreation and cultural program information, online services and other links related to programs and services.

** Unique Visitors is the number of unduplicated (counted only once) visitors to the website over the course of a specified time period.*

Web Streaming

In 2012, there were 3,313 incidents of live connections to web streaming of Council meetings for a total of 1,581 viewer hours. Video streams of Council meetings were accessed 1,888 times, including 44 times for the budget proceedings and 344 times for the Standing Committee of Finance (SCF).



OTHER ITEMS

ATTRACT AND RETAIN HIGH QUALITY EMPLOYEES

Employee Attrition

The employee attrition rate continued to increase in 2012 compared to the last four years. Increased turnover is partially due to an improved employment market resulting in more people moving to new opportunities.

Safety Statistics

Compared to previous years, all safety statistics decreased in 2012. This decrease is due to re-investment in safety training that provided more training options for identified areas of focus.

Injury Reduction Safety Audit

Administration took part in the Partners in Injury Reduction safety audit process through the Worker's Compensation Board. As an employer with sound workplace health and safety management system, the City has a Certificate of Recognition (COR) which has been in place for 20 years.

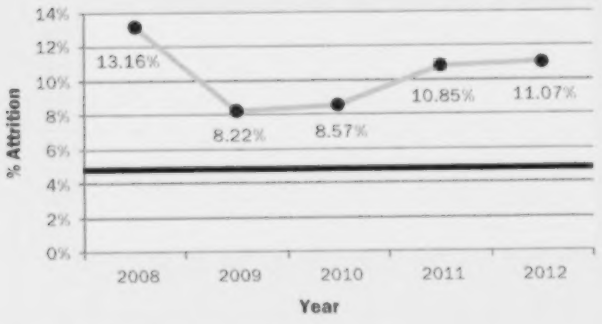
In order to ensure compliance with quality standards, independent COR audits were conducted. The objectives of the audit were:

- Provide the organization with a snapshot of their health and safety program.
- Measure how well the program is understood by employees.
- Review the organization's safety documentation.
- Conduct an observation tour of site operations to verify that policies and procedures are followed.

The City received an overall score of 89 per cent, exceeding the minimal passing requirement of 80 per cent.

PERMANENT EMPLOYEE ATTRITION

January 1 to December 31

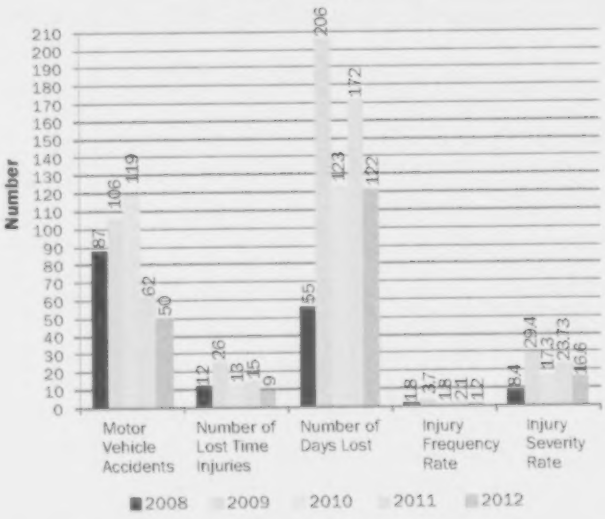


**Target for 2012: Five per cent attrition rate*

**Note: Calculation for employee attrition has been adjusted to more accurately show attrition by using data for rolling 12 months.*

EMPLOYEE SAFETY

January 1 to December 31



Definitions:

Injury Frequency Rate = No. of Injuries x 200,000/Total Hours Worked

Injury Severity Rate = No. of Days Lost x 200,000/Total Hours Worked

The spirit and magic of the Special Olympic Canada Winter Games enveloped the City of St. Albert February 28, 2012.

New Collective Agreements in Place

Administration worked with three unionized employee groups to reach agreements that will be in place for two years, from January 1, 2012 to December 31, 2013:

- CUPE 941 – Public Works and Transit
- CUPE 5141 – Policing Services

The bargaining has not yet commenced with IAFF 2130—Firefighters/ Paramedics. The previous agreement expired on December 31, 2011.

DELIVER PROGRAMS AND SERVICES THAT MEET OR EXCEED OUR STANDARDS

Special Olympics Canada Winter Games

The Winter Games were successfully delivered with much positive feedback received from participants, volunteers and attendees. The opening and closing ceremonies, speed skating, floor hockey, figure skating and the friends and family reception were held at Servus Credit Union Place. The Arden Theatre hosted the family recognition event with dinner and entertainment.

Approximately 650 athletes participated in the games while close to 700 friends and family from across Canada cheered them on. The largest attendance was at the opening ceremonies with 2,200 people in attendance. To support the event, 700 volunteers provided assistance to various aspects of the games.

The 150th Celebration Volunteer Appreciation

A sculpture by Millie Seitz was unveiled in the Celebration Garden in July. The sculpture marks the St. Albert Anniversary Celebration with a tribute to the volunteer community in St. Albert.

Servus Place launched the "Servus Place Gets Me Moving" campaign in 2012.

"I would never have thought it possible, but I credit the supportive environment at Servus Place for much of my success." ~Amanda Blaine

Northern Alberta International Children's Festival

The 31st Northern Alberta International Children's Festival took place May 29 to June 2 with 20 main stage performances and 20 site activities offered several times a day over the five day period. Performing arts companies from six different countries attended the festival hosted by St. Albert for the 18th time. The festival was a success with 55,256 people attending the festival and volunteers contributing over 13,181 hours to ensure the success of festival activities.

Survey results show:

- 90 per cent of public/teachers intend to attend the Festival in 2013.
- 95 per cent of public/teachers would recommend the Festival to a friend.
- 86 per cent of volunteers intend to volunteer again at the 2013 Festival.

St. Albert Mural displayed at Unveiling Public Art — Edmonton Craft Council

The model for the clay tile mural at Servus Credit Union Place entitled *Through the Tides* by Claire Uhlick, was selected by the Edmonton Craft Council to be exhibited at an exhibition of renderings, models, mock ups and other forms of municipal public art development entitled Thinking Big. This exhibition showcased St. Albert's Art in Public Places Program and positioned St. Albert as one of the leading cultural communities in the province.

First Concert At Servus Place

The first concert at Servus Place was held in August in partnership with Rock'n' August. Over 450 people attended the Harlequin and Doug and the Slugs concert.

Servus Place Vacant Ice Times

Following the St. Albert Steel's relocation to Whitecourt, the vacant ice times for the 2012/2013 season were allocated to local user groups through the annual ice allocation process. The Servus Place team conducted interviews with a variety of community stakeholders to gain better insight into how the vacant space could be best utilized in future years. A Request for Interest for the vacant space was published with a decision on the future tenant to be announced in 2013.

Servus Credit Union Place Sponsorship Strategy Refresh

The sponsorship strategy resulted in a number of new sponsorships and renewal of existing sponsorships at Servus Place including:

- Canadian Natural Resources Limited—renewal for the Tournament Room and Events Office for a five year term.
- Sobeys—renewal for the Sobeys Active Living Centre for three years.
- Kingsway Toyota—new sponsor for the Indoor Playground and Leisure Ice.
- Reid Built Homes—new naming sponsor of the Community Gymnasium for six years.
- Northstar Hyundai—new sponsor and the first sponsor of the Performance Arena for 10 years.

Arden Theatre Professional Series

The professional series has seen continued support from returning patrons and community members. In 2012, the number of tickets sold increased by 8 per cent and revenue increased by 26 per cent, compared to 2011.

The Lieutenant Governor of Alberta Young Artists Program

Council approved the policy for the Lieutenant Governor of Alberta's Young Artists Program. This is the new grant program to help aspiring St. Albert artists by providing financial assistance for education, professional development and career advancement. The first intake of applications will take place in April 2013.

Shred-It Day

The City of St. Albert, Shred-it, the RCMP, the St. Albert Food Bank and the Alberta Motor Association (AMA) teamed up in May 2012 to sponsor the fifth annual Shred-it event. The event was a huge success with 12,045 kg of paper recycled, compared to 12,000 kg in 2011. Over 640 residents brought personal information, CDs and electronics to be confidentially destroyed. The amount of shredded material saved nearly 245 trees as the paper is recycled. The event also helped the Food Bank with residents donating nearly 156 kg of food and approximately $1,500 for the Food Bank.

St. Albert Celebrates Canada Day

The Canada day event took place on July 1 with approximately 15,000 people attending activities organized in collaboration with many community groups.

Annual Volunteer Fair

Administration and the Community and Information Volunteer Centre hosted the 5th Annual Volunteer Fair on November 17 at Servus Credit Union Place. In total, 47 organizations primarily from St. Albert participated. A survey of participants was conducted following the event. Overall, the feedback received was positive with participants indicating that they would continue participating in the Volunteer Fair.

Oblique Aerial Photography

The City captured a new type of aerial photography called oblique. This type of photography is taken at an angle, which allows City employees to see buildings and objects from the side and from different directions, side profile, shape and the height of an object. Some of the identified uses of this type of photography include:

- Property Assessment—quick look at property to see structural changes and comparison with permits on file. This reduces the need for field visits and enables a more accurate property assessment.
- Infrastructure Mapping—supplements available mapping data and information for identifying infrastructure locations and types. It increases the amount of work that can be done from the office versus going into field.
- Fire Pre-planning—supplements available information for making fire response plans for large structures. A lot of planning can be done from the office prior to a field visit.
- Engineering— ability to take a detailed look at the developed surface of a property to determine if post-development modifications were made that could negatively affect how surface water drains across or from a property.

ENSURE OUR CUSTOMERS ARE VERY SATISFIED

Servus Credit Union Place Customer Satisfaction Survey

A customer satisfaction survey conducted in quarter two indicated continued satisfaction with Servus Place. The overall satisfaction with Servus Place remains high with 95 per cent of patrons expressing satisfaction.

Servus Place—A Plan for the Future

In late 2012, Administration presented to Council a plan that outlines the space optimization and potential expansion of Servus Place. Council approved a public consultation process to gather input on the plan. The results of the public consultation will be presented to Council in March 2013.

Servus Place Improvements

Administration completed a number of initiatives to enhance service delivery and customer satisfaction at the facility including:

- The security coverage in the facility was adjusted from overnight coverage to late afternoon and evenings in order to heighten the security presence in the facility, reduce incidents and to support front line staff.
- A new telephone management system was installed at Servus Place to allow for better management of incoming calls. This allowed Servus Place an opportunity to provide specific and up-to-date messaging to customers on hold.
- Improvement to amenities on the Christenson Track and Training Centre, that are heavily utilized by seniors, was completed. This project was part of the 55+ Alberta Winter Games Legacy project.

Through our Cultural Master Plan that includes projects such as the Cultivate Life mural, the City is realizing its long-term vision of partnering with artists, local businesses and residents to ensure the sustainability and vibrancy of St. Albert's cultural identity.

Starbucks Operations

Starbucks continues to be an important part of Servus Place operations with more than 100,000 transactions in 2012. Preliminary results from the recent Servus Place Customer Satisfaction Survey indicate that 53 per cent of those surveyed had made a purchase at Starbucks since its opening.

Arden Theatre Seat Replacement

The final touches on the Arden seat replacement program were completed. The seat nameplates that recognize Arden Theatre donors were installed on the armrests.

Heritage Management Plan

The City is initiating the Heritage Management Plan — a comprehensive long-term strategy to protect and preserve St. Albert historic properties and neighbourhoods for future generations. The plan will also facilitate the development of a draft Heritage Preservation Bylaw for the City. Administration presented to Council in October and followed up with a Public Open House to receive feedback on potential recommendations. An online survey was made available for residents to provide feedback. A draft plan is anticipated in early 2013.

Cultivate Life by Mural Mosaic

The *Cultivate Life* mural by Mural Mosaic was unveiled in May 2012 in downtown St. Albert. The mural honours the contributions of artists who donated their time, talent and enthusiasm to the original mural entitled *What Inspires a Child*.

Sculpture to Honour Spirit of Volunteerism

The City of St. Albert and the 150th Anniversary Celebration Committee unveiled the Millie Seitz, volunteer appreciation sculpture by local artist Marjorie Ann Davies. The sculpture honours the spirit of volunteerism in the city and recognizes volunteers who played a key role in the City's 150th anniversary celebrations in 2011. The sculpture is located at Celebration Garden, west of Chateau Mission Court.

Spruce Up St. Albert

Spruce Up St. Albert included several events that took place in May:

- Kick-off Event— the event involved six schools painting nine garbage cans.
- Clean Up the Sturgeon and REEP River Festival— the event saw 359 participants with close to 100 volunteers supporting the event.
- Arbor Day— 480 Grade 1 students joined in to learn about the importance of trees to their daily lives. Seven naturalization projects were completed which resulted in the planting of almost 3,100 trees and shrubs at sites across the City.

City Wide Clean Up

The first-ever City Wide Clean Up took place in September. The event covered 19 neighbourhoods with 157 residents participating. This first year event was considered a success with opportunity to build on next year.

Winter festivities help build a strong and vibrant community

City Telephone Upgrades

The City's phone system was upgraded to add phone features required for more efficient customer service and to address minor failures experienced on several of the City's controllers.

Community Winter Fun

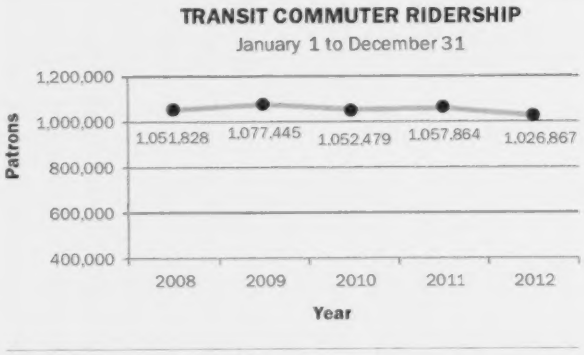
The Community Winter Fun night took place on December 15 at Lions Park with 58 community members participating in various activities including skating, roasting hot dogs, marshmallows and enjoying hot chocolate. The next Winter Fun event will take place on January 13, 2013.

Online Billing and e-Billing

A project is underway to give residents the ability to view their utility bills, property tax account information, assessment and transaction history, business licence and dog licence information online. This new service will also give residents ability to sign up for e-billing which will eliminate the printing and mailing of a traditional bill. Residents who sign up for this service will receive their bills via e-mail which will allow for faster and more cost effective service. The new system will go "live" in early 2013.

Transit Commuter Ridership

Transit commuter ridership decreased by three per cent in 2012 compared to 2011. The decrease in ridership may be a result of a 10 per cent fare increase instituted in February 2012 and the paid parking requirement that reduced the number of legal park and ride stalls by 35 per cent.



We always do our best, meet our commitments and ensure our efforts are focused on caring for the community and the environment.

Residents and City Council have an opportunity to discuss fiscal responsibility at the Budget Town Hall Meeting, November 2012

Financial Statement Discussion and Analysis

The City of St. Albert's 2012 Annual Report provides an opportunity for the City to communicate with stakeholders and other readers regarding its recent financial performance, including significant financial practices, strategies, and events.

The Annual Report includes the City's consolidated financial statements, prepared by management in accordance with the principles and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Management has made every effort to ensure the financial statements present a fair accounting of the City's consolidated operating and capital activities for the fiscal year ended December 31, 2012. Included entities are the City, its Utilities, the St. Albert Public Library, and the Arts and Heritage Foundation of St. Albert.

The City's auditor, Deloitte LLP, has audited the financial statements and provided the accompanying Auditor's Report. The financial statements and auditor's report satisfy a legislative reporting requirement as set out by the *Alberta Municipal Government Act*.

This Financial Statement Discussion and Analysis (FSD&A) reports on how the financial resources entrusted to the City are being managed to provide municipal infrastructure, programs, and services. The FSD&A explains the significant differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results. The FSD&A also identifies trends, risks and anticipated events that could have financial implications on the operations of the City.

The FSD&A should be read in conjunction with the audited financial statements and accompanying notes, and responsibility for the preparation of both the financial statements and the FSD&A rests with the City's management. The City's 2012 Consolidated Financial Statements include:

- Consolidated Statement of Financial Position. This statement is a summary of financial assets and financial liabilities, net debt, non-financial assets, and accumulated surplus as at December 31st. The statement is used to evaluate the City's ability to finance its activities and to meet its liabilities and commitments.
- Consolidated Statement of Operations and Accumulated Surplus. This statement outlines revenues and expenses, in total describing the net change to accumulated surplus for the year.
- Consolidated Statement of Changes in Net Debt. This statement reports changes in future revenue requirements. The annual surplus is provided, with reversals for tangible capital asset acquisitions, disposals, amortizations, and sales. The change in net debt is an indicator of whether revenues raised in the year were sufficient to cover current year spending.
- Consolidated Statement of Cash Flows. This statement is a summary of how the City's cash and cash equivalents position changed during the year, highlighting activities related to operating, capital, investing, and financing.

Residents enjoy city programs and services such as swimming instruction at Fountain Park Recreation Centre

FINANCIAL HIGHLIGHTS

Overall, the City's financial position improved as at December 31, 2012. This positive result was the product of a number of factors reflected within the financial statements, including:

- The Consolidated Statement of Financial Position reports an improved accumulated surplus of $29.2 million to $761.1 million at December 31, 2012 [note about restatement of 2011 accumulated surplus due to change in estimate for roads]. While financial liabilities increased by $8.5 million to $121.9 million, financial assets also increased by $16.4 million to $107.2 million, as the City increased financial investments. A $21.4 million increase in non-financial assets to $775.8 million was also realized, resulting from the acquisition of various tangible capital assets throughout the year.
- The Consolidated Statement of Operations and Accumulated Surplus reports a 2012 Annual Surplus of $29.2 million. This was the result of consolidated revenues of $168.6 million and consolidated expenses of $141.4 million. Overall revenue increased by $14.2 million compared to the prior year results, primarily due to an increase in government transfers and sales and user fees. Property taxes remained stable from 2011 to 2012. Overall expenses increased by $4.7 million compared to the prior year results, primarily due to an inflationary increase in all expense categories.
- The Consolidated Statement of Cash Flows reports a year-over-year decrease of $14.2 million in the City's cash and cash equivalents position, to $49.2 million. This was the result of increased expenditures in capital assets and longer term investments yielding higher earnings offset by a positive change in various working capital accounts.

SIGNIFICANT VARIANCES OR EVENTS

While the City was able to implement its business plans and budgets essentially as expected, the City's financial statements were affected by a number of unexpected events during the year. These events resulted in variances, both favourable and unfavourable, in relation to the City's initial operating budget expectations.

These variances in the City's operating budget/activities affected the City's operating budget surplus. Significant unfavourable variances included a decrease in revenue from fines and penalties ($0.4 million), an increase in other expenses primarily attributable to interest expense paid to reserves and deferred revenue ($0.9 million), an increase in transfers to individuals and other organizations and an increase in material goods and utilities ($0.2 million). These were offset by significant favourable variances related to property taxes ($0.1 million), sales and user fees ($1.1 million), government transfers ($0.7 million), investment income ($0.4 million) and other revenues ($0.4 million). Additional favourable variances related to decreases in expense categories such as contracted and general services ($1.7 million), interest on long-term debt ($0.8 million), salaries, wages and benefits ($0.1 million) and purchases from other governments ($0.1 million). The combined variances produced an operating budget surplus of approximately $3.0 million of which $1.4 million was transferred to reserves and $0.9 million was transferred to operations resulting in a year end operating surplus of $0.7 million.

The City's Cash and Cash Equivalents position experienced a decrease of $2.1 million in 2012, mainly as a result of the City's efforts to repay long-term debt and invest excess cash in a conservative bond portfolio. This investment strategy resulted in higher investment returns for the City, while maintaining the City's ability to ensure that appropriate levels of working capital are maintained. Significant events included:

- a repayment of $4.4 million in long-term debt. This resulted in an improved debt position of $56.8 million from $61.2 million.
- a $21.5 million increase in the value of the City's tangible capital assets, to $774.5 million. These tangible capital assets typically take the form of municipal infrastructure, including civic facilities, roadways, equipment, etc., and are critical to the City's ongoing ability to support overall quality of life in the community.

A $2.8 million increase in the City's reserve balance (i.e., restricted accumulated surplus), to $47.1 million. The City's reserves are held for both operating and capital purposes, and are segmented by entity, type, and intended use, and are required in accordance with detailed future modeling and replacement plans.

FINANCIAL ANALYSIS REVIEW

VARIANCE ANALYSIS

Budget variances within the City's operations, as compared to the approved budget include:

Significant Favourable Variances	Amount
Property Taxes, Contracted and Services Revenue, Licences and permits, Franchise Fees	53,000
Sales and User Fees	1,150,000
Government Transfers	676,000
Investment Income	354,000
Other Revenues	381,000
Contracted and General Services Expense	1,665,000
Interest on Long-Term Debt	847,000
Salaries, Wages and Benefits	141,000
Purchases From Other Governments	138,000
Subtotal	$5,405,000
Significant Unfavourable Variances	**Amount**
Fines and Penalties	(383,000)
Other Expenses	(1,100,000)
Transfers to Individuals and organizations	(660,000)
Material Goods and Utilities	(207,000)
Other Insignificant Variances	(36,000)
Subtotal	($2,386,000)
Transfers	**Amount**
Transfers to/from Reserves	(1,430,000)
Transfers to/from Operations	(914,000)
Year End Operating Surplus (excluding utilities, library and the Arts & Heritage Foundation)	$675,000

$650,000 of the above operating surplus was transferred, in accordance with City Council's direction, to the municipal Stabilization Reserve. Approximately $25,000 after year-end adjustments remains to contribute to the City's overall accumulated surplus position.

FINANCIAL ASSETS

The Consolidated Statement of Financial Position summarizes the City's financial asset position as at December 31, 2012. The City's financial assets increased by $16.4 million to $107.2 million at the end of 2012, primarily due to an increase in investments. The majority of this increase was due to an increase in short term notes and deposits. Cash and cash equivalents decreased by $14.2 million to $21.2 million contributing to the purchase of investments. Other factors included a $0.4 million increase in accounts receivable to $9.4 million and a slight increase of $0.1 million in taxes receivable to $2.4 million. Inventories and lands held for resale were essentially unchanged.

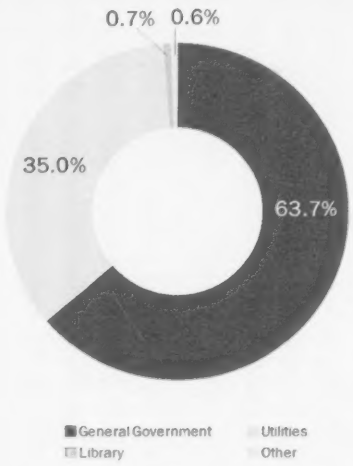
These results reflect the City's continued stable financial asset position, and continued application of its Cash Management Policy and Investment Policies. The City maintains a sufficient amount of resources that could be converted to cash if necessary, as well as assets available to address current and future liabilities or commitments.

The City's accumulated surplus of $761.1 million is the product of the minor general surpluses or deficits in each of the City's entities over the years, plus significant amounts restricted as reserves or invested in tangible capital assets.

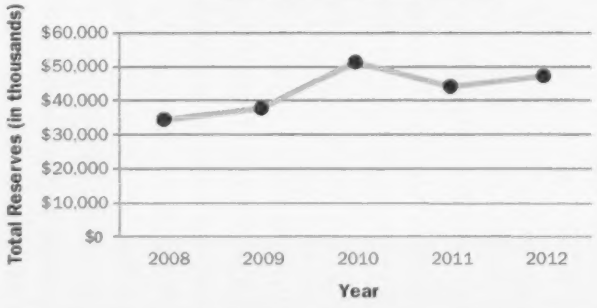
The City's reserve balance increased by $2.8 million over prior year results. Schedule 1 to the consolidated financial statements provides details relating to the $47.1 million reserve balance. Reserves are an important tool used by municipalities to set aside funds to replace existing capital assets, respond to emergent needs, and fund future capital projects. High reserves can contribute to a municipality's fiscal health, but reserve balances may increase for a time and then decrease significantly to address planned capital requirements. Historically, the City of St. Albert has taken a rather conservative approach to reserve accumulation. The City's reserves are held for both operating and capital purposes and are segmented by entity, type, and intended use.

In order to improve the accountability, planning and management of its reserves, the City has established a Reserve Policy C-FS-01. This policy and the related administrative processes support accountability, transparency, clear monitoring and reporting, long-term fiscal planning, and improved cash management by identifying cash flows which will assist in potential longer-term investment opportunities and internal financing capacity. Initial establishments of reserves, as well as transfers to and from reserves, requires the approval of City Council.

2012 OPERATING AND CAPITAL RESERVES BY TYPE



RESERVE BALANCE TREND



FINANCIAL LIABILITIES

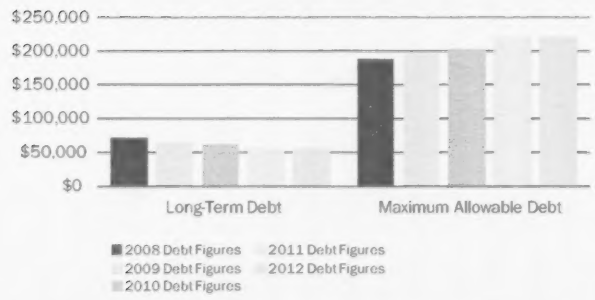
The Consolidated Statement of Financial Position summarizes the City's financial liability position as at December 31, 2012. The City's total financial liabilities of $121.9 million increased by $8.5 million compared to prior year results, primarily due to an increase in deferred revenue.

The City's repayment of $4.4 million in long-term debt improved its debt position to $56.8 million from $61.2 million. Other financial liabilities include accounts payable and accrued liabilities of $19.4 million, which have increased by $5.4 million from $13.9 million in 2011. Deferred revenue totalling $43.0 million increased by $9.7 million from $33.4 million in 2011. Use of these deferred revenues remains restricted until the timing or conditions associated with the revenue have been satisfied.

The majority of the City's existing long term debt relates to two projects approved in 2004 – the first stages of Ray Gibbon Drive and the construction of Servus Credit Union Place. These two projects alone, due to their significance, resulted in two 20-year external borrowings that increased the City's debt by approximately $22 million and $38 million, respectively. While the debt requirements for the two major projects were significant, the City will remain within debt limits established by the Province of Alberta and the stricter limits the City has established for itself through its Debt Management Policy C-FS-03. As borrowings are retired over the next 20 years the City's debt position will continue to improve.

The City's Debt Management Policy C-FS-03 is used to manage borrowing capacity for future capital assets, maintain maximum flexibility of current operating funds, and limit the impact that debt charges will have on future tax and utility rates through internal limits on borrowing. All borrowing completed by the City has been in the form of debentures through the Alberta Capital Finance Authority. These borrowings leverage the Province of Alberta's strong debt rating and the combined borrowings of other municipalities and education authorities. Interest rates are established at the time of borrowing and remain constant throughout its term, eliminating the risk associated with rate fluctuations. Debt servicing payments are made annually or semi-annually.

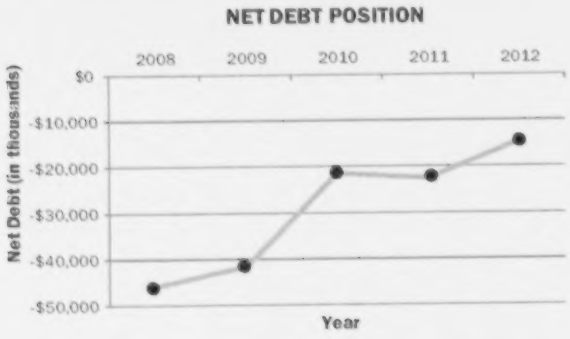
LONG-TERM DEBT VS. DEBT CAPACITY



NET DEBT

A government's net debt position is a function of its total financial liabilities exceeding its total financial assets. This calculation is a key financial indicator related to the City's financial position as it reflects the relationship between annual surplus, tangible capital asset acquisitions/disposals/amortizations, and treatment of other inventories or expenses. The Consolidated Statement of Changes in Net Debt summarizes the City's net debt position, which decreased by $7.9 million to -$14.7 million due to the increase in financial assets being larger than the increase in financial liabilities.

Although debt can serve a useful purpose, a reduction in the net debt position should be seen as a positive sign for the City's fiscal health and allows more financial resources to be directed to operations and capital projects as opposed to servicing the interest on borrowings.



NON-FINANCIAL ASSETS

Non-financial assets, summarized on the Consolidated Statement of Financial Position, include tangible capital assets, inventories of materials and supplies, and prepaid expenses. In 2012, the value of the City's non-financial assets increased by $21.4 million to $775.8 million. The majority of this increase related to an increase in tangible capital assets of $21.5 million, to $774.5 million. Tangible capital assets typically take the form of municipal infrastructure, including civic facilities, roadways, equipment, etc. These assets provide significant value to the community, as these assets directly impact a community's productivity, level of investment, and overall quality of life.

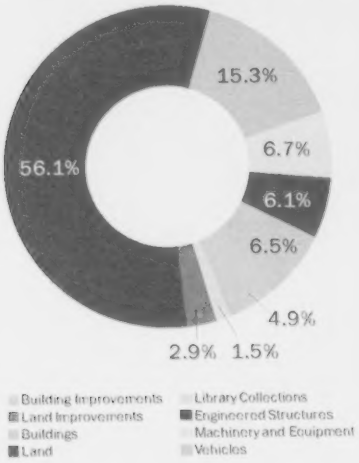
Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less estimated salvage value, of the tangible capital assets is amortized on a straight-line basis over the assets' estimated useful lives, ranging from 5 to 75 years. Prior to 2009, tangible capital asset additions were expensed in the year of acquisition and construction. In 2009, the City implemented PSAB section PS 3150 – Tangible Capital Assets, which was an important step in improving the management of the City's assets. This implementation also had large implications across the corporation, as it required a complete inventory of tangible capital assets and adjustments to business and financial policies, processes, and systems. The City will continue to refine and enhance its implementation and ongoing sustainment efforts to maintain compliance with this new standard.

The City's investments in capital infrastructure are in accordance with its approved Capital Budget and 10 Year Capital Plan. City Council approves budgets for each capital project based on the maximum forecast expenditure for the year to accommodate the associated planning and scheduling requirements. There is typically a portion of the year's budget carried forward to future years for projects not completed within the fiscal year, and as a result budgets are not directly comparable with current year actual amounts.

In 2012, capital spending was primarily focused on engineered structures, buildings and assets under construction. Of the City's total capital spending, $42.4 million qualified as tangible capital asset acquisitions. Disposals totaled $1.6 million net of depreciation and amortization and there were no tangible capital asset write-downs in 2012. The City plans to continue to

maintain its commitment to infrastructure maintenance and upgrades over time, as a means to address the elements within its 10 Year Capital Plan.

2012 TANGIBLE CAPITAL ASSET ACQUISITIONS



REVENUES

The Consolidated Statement of Operations and Accumulated Surplus summarizes the City's revenues. Consolidated City revenues of $168.6 million were $27.5 million lower than budgeted amounts for 2012, mainly as a result of significantly lower than expected government transfers. Other revenue sources performed largely as budgeted although developer contributions and levies contributed $1.4 million more than budget at $3.8 million. Overall, some of the City's revenues fluctuate with economic conditions, yet its main sources of revenue (property taxation, sales and user fees, and government transfers) are considered relatively stable.

Property Taxation revenue of $77.5 million was in line with budget estimates. This figure was slightly higher than 2011 ($73.4 million) as a result of a general municipal property tax increase. The City's budgeted residential tax increase for 2012 was 2.80 per cent and property taxation for municipal purposes comprised 46 per cent of its total revenues in 2012.

Sales and User Fees of $45.9 million were $1.7 million higher than budget estimates. This figure was slightly higher than 2011 ($42.6 million) as a result of an overall increase that was applied to the majority of user fees charged by the City. The City continues to apply a user pay philosophy in its operations, as per its policy-based fee approach. The City relied on sales and user fees for 27.2 per cent of its total revenues in 2012.

Government Transfers of $27.5 million were $31.0 million lower than budgeted. This is primarily related to the Campbell Transit Station/Park and Ride project budgeted at $33.2 million in 2012. Funding was not received in 2012 due to delays in organizing the project with the City of Edmonton. It is expected that the government transfers will be received in 2013. The City relied on government transfers for nearly 16.3 per cent of its total revenues in 2012.

Contributed Assets of $2.1 million exceeded budget estimates as the City does not budget for this type of revenue. This figure was lower than 2011 ($6.3 million) as a result of local development companies completing less infrastructure development than in the prior year.

Developer Contributions and Levies of $3.8 million exceeded budget by $1.4 million. This figure was higher than 2011 ($0.8 million) as levies related to a number of completed projects were taken into income.

Other Revenue of $2.1 million was $1.1 million higher than budgeted primarily due to unanticipated one time contributions. This figure was significantly lower than 2011 ($4.0 million).

Fines and Penalties of $4.1 million were $0.3 million lower than budgeted primarily due to lower revenues from photo radar and municipal enforcement fines. This figure was higher than 2011 ($3.6 million).

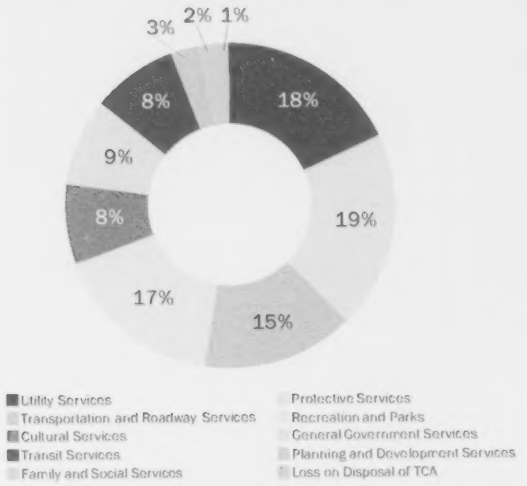
Licences and Permits of $2.1 million were $0.1 million lower than budgeted. This figure was $0.3 million higher than 2011 ($1.8 million) as a result of some improvement in the ongoing sluggish development activity across the community in the previous year. This category is highly sensitive to economic conditions.

Franchise Fees of $1.9 million were slightly higher than budget for 2012 ($1.8 million). This figure was higher than 2011 ($1.4 million) as a result of the City's new natural gas franchise fee rate of 18.8 per cent being in place for the entire year.

Investment Income of $1.2 million was $0.4 million lower than budgeted after paying interest to government transfers in deferred revenue. This figure was slightly higher than 2011 ($1.1 million) as a result of improved market conditions and higher than expected rates of return within the City's investment portfolio.

EXPENSES

2012 EXPENSES BY FUNCTION



The Consolidated Statement of Operations and Accumulated Surplus summarizes the City's expenses. Consolidated expenses of $141.4 million were $17.9 million higher than budgeted amounts for 2012, mainly as a result of the City's current practice not to budget for amortization costs. Amortization costs were particularly pronounced in the areas of recreation and parks, utility services, and transportation and roadway services.

Protective Services expenses of $27.8 million were $0.8 million higher than budget for 2012 ($27.0 million). This figure was $3.1 million higher than 2011 ($24.7 million) primarily due to a retroactive increase in salaries and wages.

Recreation and Parks expenses of $23.7 million were $4.8 million higher than budgeted primarily due to unbudgeted amortization costs and unbudgeted expenditures for various capital projects. This figure was slightly higher than 2011 ($23.0 million) as a result of a general increase in salaries and wages.

Utility Services expenses, including water, wastewater, storm water, and solid waste, of $25.5 million were $3.6 million higher than budgeted due to unbudgeted amortization costs. This figure was slightly lower than 2011 ($26.1 million). The City does not subsidize its utilities through general taxation, and does not receive a return on investment or dividend return from its utilities.

Transportation and Roadway Services expenses of $21.1 million were $9.7 million higher than budgeted primarily due to unbudgeted amortization costs and unbudgeted expenditures for various capital projects. This figure was unchanged from 2011.

General Government Service expenses of $12.3 million were $4.1 million lower than budgeted primarily due to the City's practice to budget for salary cost of living adjustments corporately while applying actual expenses to individual program areas. This figure was higher than 2011 ($11.1 million) primarily due to unbudgeted expenditures for various capital projects.

Transit Services expenses of $11.9 million were $0.9 million higher than budgeted primarily due to unbudgeted amortization costs. This figure was higher than 2011 ($11.0 million) as a result of increases contracted and general services.

Cultural Services expenses of $11.2 million were $0.6 million higher than budgeted primarily because Arts and Heritage costs are not normally budgeted by the City. This figure was $1.3 million lower than 2011 ($12.5 million) as a result of a decrease in transfers to individuals and other organizations.

Planning and Development Services expenses of $3.9 million were on budget. This figure was higher than 2011 ($3.5 million) due to an increase in transfers to individuals and organizations.

Family and Social Services costs of $2.7 million were on budget. This figure was slightly higher than 2011 ($2.6 million) primarily due to an increase in contracted and general services.

Included in the above results are debt servicing costs of $6.6 million. This figure was lower than 2011 ($7.2 million), and debt servicing costs are expected to continue to decrease as borrowings are retired over the next 20 years.

ANNUAL SURPLUS

During 2012, the City realized an excess of revenue over expenses in the amount of $29.2 million. This amount represents the City's Annual Surplus, which is summarized within the Consolidated Statement of Operations and Accumulated Surplus.

The Annual Surplus positively impacts the City's net debt position, but is reduced by the tangible capital asset activities such as acquisitions ($45.5 million) and amortization costs ($19.2 million). These activities and other acquisitions or consumptions resulted in an overall decrease in net debt of $7.9 million.

The City's operating activities also resulted in a modest budget surplus. This budget surplus was the result of an excess in total revenue available for operations relative to total expenses less amortization costs, long-term debt repayments, and transfers. As the Statement of Operations and Accumulated Surplus is based on full accrual accounting and includes amortization expense, revenue from government transfers for capital, and revenue from contributed assets, a reconciliation between the surplus on the Statement of Operations and Accumulated Surplus and the City's operating budget results is required.

CASH FLOWS

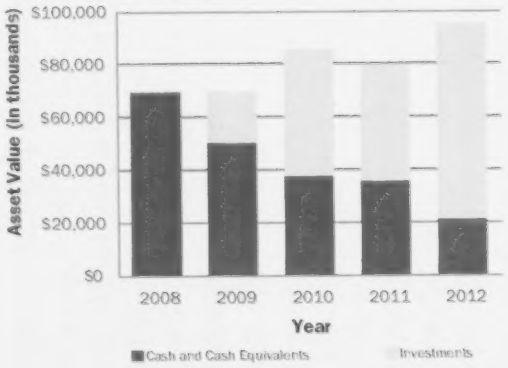
The Consolidated Statement of Cash Flows summarizes the City's sources and uses of cash. During 2012, the City's cash and cash equivalents position decreased by $14.2 million to $21.2 million. This decrease was a direct result of the application of the City's Cash Management Policy C-FS-04 and Investment Policy C-FS-02, which prescribes how excess cash is invested in a conservative bond portfolio and larger amounts are placed in longer term investments to earn higher yields.

The City's cash position is closely managed and remains adequate, along with short-term investments, to meet ongoing requirements. Management will also continue to conduct analyses to ensure that appropriate levels of working capital are maintained to maximize investment returns, maximize internal borrowing or debt prepayment opportunities, and minimize interest expenses or overdraft charges.

The City's Investment Policy C-FS-02 is used to ensure its investments conform to all provincial statutes and regulations while optimizing investment returns, providing maximum security of principal and meeting the City's daily cash flow requirements. Investments are limited to instruments in which the principal is unconditionally guaranteed, and investment performance is benchmarked against the three month Federal Treasury Bill rate. A report on the City's investment portfolio is presented to City Council on a quarterly basis to ensure accountability for the nature and diversification of the portfolio to the investment policy.

In 2012, the City's long-term bond portfolio had effective rates of 2.48 per cent to 4.78 per cent, with maturity dates ranging between 2015 and 2021. The City's short-term investments had effective rates between 1.68 per cent and 2.10 per cent with maturity dates ranging between three months and one year. Both of these returns compare favourably to the 2012 Three Month Treasury Bill average return of 0.94 per cent.

CASH AND CASH EQUIVALENTS VS. INVESTMENTS



FINANCIAL CONTROL AND ACCOUNTABILITY

The City maintains a number of processes and financial controls to ensure that accountability is maintained and that management is able to proactively identify and address financial challenges.

Financial Governance

Notwithstanding that the City's management is responsible for the preparation of the FSD&A and financial statements, the City's governance structure requires a review of various quarterly reporting, financial policies, audit findings, significant or unusual financial transactions, and accounting treatments or estimates. City Council has established a Standing Committee on Finance to conduct these reviews, and also to assist Council by making recommendations on these matters. City Council is ultimately responsible for approving the City's budget, appointing the auditor, and providing general financial authority and oversight.

Budgeting and Financial Reporting

Based on the input from citizens, businesses, and numerous other stakeholders, City Council establishes an annual operating budget each year. This operating budget includes the required revenues to fund the City's delivery of desired programs and services to the community, and represents City Council's priorities as identified in the City's Strategic Plan, Business Plan, and other sources. From year to year, services may be altered when City Council identifies a clear need. Note that the operating budget is also prepared on the modified cash flow basis. Based on this method the City uses tax revenues, reserve transfers and government transfers for operating to balance its operating budget. The operating budget does not include revenue from contributed assets, government transfers for capital, or amortization expense.

The City also prepares an annual capital budget based on the long-term projections of its 10 Year Capital Plan. Budget items for the current year are carefully reviewed on a project basis, and funded through a variety of mechanisms such as tax revenues, reserve transfers or government transfers. As there is typically a portion of the capital budget carried forward for projects not completed within the fiscal year, budgets are not directly comparable with current year actual amounts.

Accounting Process

The City is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. While all departments share a common accounting and reporting system, financial and accounting services are administered within the Financial Services department and delivered to each business area based on its needs.

Auditing Process

The Municipal Government Act requires a municipal council to appoint an independent auditor. In 2011, a tender for audit services was completed and City Council appointed the chartered accounting firm of Deloitte LLP as the external auditor, for a five-year term. Following a comprehensive audit process and after working closely with management, the auditor must report to City Council's Standing Committee on Finance with the annual consolidated financial statements. Based on the Committee's recommendation, City Council approved the 2012 Consolidated Financial Statements at its meeting on April 8, 2013.

RISKS AND UNCERTAINTIES

The City is committed to an integrated approach to risk management, where it is viewed as a key component of sound business practice and due diligence. Management promotes a proactive, corporate-wide and systematic approach to managing risks that could affect City objectives.

Normal Operational Risk

In the usual course of business, the City is exposed to various risks that are mitigated through operational and financial controls. These risks include the normal operational risks associated with each of the City's programs and services, as well as social, legal,

regulatory, and economic issues or changes that could impact City operations, human resource availability and cost, and investment risk related to volatile financial markets.

Certain financial information is also prepared using estimates and judgments that have been based on careful assessments through the City's management information systems. The City maintains a system of internal controls to provide reasonable assurance as to the fairness and reliability of that information and data. These control systems are regularly reviewed and enhanced as required to ensure the production of timely, accurate and complete financial information to protect and safeguard City assets.

Revenue Volatility

Certain categories of revenue are exposed to economic or other fluctuations. These include revenues related to development permits, gas franchise fees, interest revenue, user fees/charges, government transfers, etc.

To address the challenge associated with revenue volatility, the City applies conservative budgeting practices, monthly variance forecasting, a long-term investment strategy, a new methodology for franchise fee calculation based on the stable cost of delivery, and various environmental scanning techniques to identify market changes. The City also continues to lobby higher orders of government, either independently or through its municipal associations, for sufficient and reliable transfers.

Infrastructure Replacement

Municipal infrastructure is required to support a community's economy and quality of life. To ensure that sufficient local infrastructure is available, the City applies long-term construction and maintenance plans or strategies. In many cases, the City's identified infrastructure requirements exceed its funding capacity; therefore City Council engages in prioritization and seeks alternative sources of funding, such as borrowing or government transfers. If not addressed, a municipality's infrastructure deficit could result in lost productivity, damage to property, and decreased quality of life.

Insurance Loss

The City maintains an insurance program to cover losses related to its activities, operations, assets and infrastructure. This program has two components: an insurance program purchased through well capitalized external insurers and a self-funded insurance program for all losses falling below policy deductibles. The City's approach to risk management attempts to achieve a balance between risk and total cost.

A claims reserve was established in 2008 to fund the City's self-insured program. The reserve is funded to a confidence level at the 95th percentile of the City's projected losses, as recommended in the July 2008 loss projection analysis report provided by an external consultant. At December 31, 2012, the City's outstanding and fully reserved insurance claims related liabilities were approximately $0.4 million, and its claims self-insurance fund was approximately another $0.8 million.

Environmental Risk

The City employs environmental management professionals to assist departments in complying with environmental laws and regulations. The City has also adopted policies and procedures to govern the City's approaches, and the organization follows environmental systems which provide a sound model to effectively deal with environmental impacts associated with municipal activities. In addition, insurance policies are in place to handle potential unexpected environmental exposures.

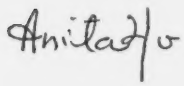
FUTURE OUTLOOK

St. Albert is recognized as a vibrant community enjoying high service levels and an excellent quality of life. To maintain and enhance this quality of life, the City must continue to address challenges related to the community's limited non-residential assessment base, organizational costs which typically outpace the rate of consumer inflation, unpredictable government transfers, and relatively slow development or population growth.

This situation will require a continued focus on fiscal sustainability, which includes efforts to attract non-residential investment, foster innovation throughout the organization, and secure sufficient and reliable government funding to address civic infrastructure and operating requirements. Funding shortfalls have a particularly noticeable impact on the City's 10 Year Capital Plan, which articulates the community's capital maintenance and upgrade requirements.

As global and local economic conditions continue to improve, management expects a corresponding improvement in various City revenues such as licences and permits, sales and user fees, investment income, and government transfers. Management will continue to exercise caution in the City's financial management, and will continue to monitor economic conditions to ensure that prompt recommendations are made to Council in the case that adjustments to business plans and budgets are required. Indeed, the City will continue to develop strategies and seek the necessary funding to undertake projects required to maintain the programs, services, and infrastructure that St. Albertans expect.

The delivery of this report, and St. Albert's continued success in meeting its fiscal challenges, are made possible through the continuing efforts of the City's staff. My appreciation is extended to all departments for their ongoing cooperation and assistance.



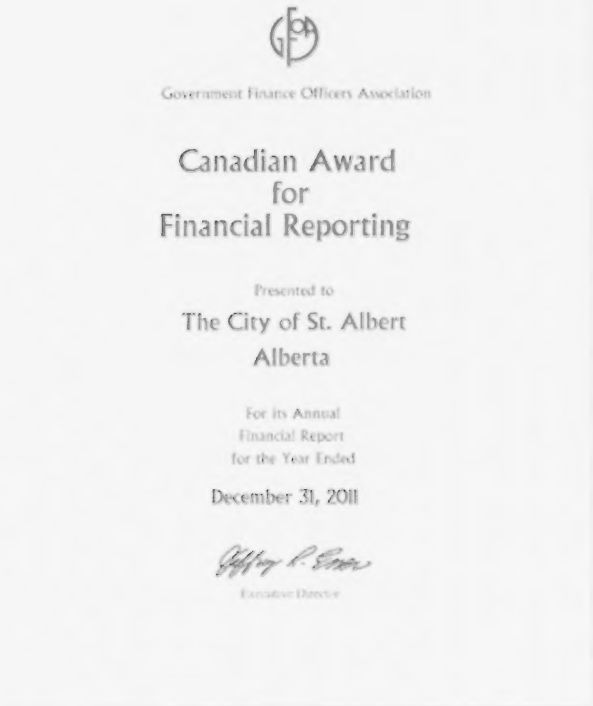
Anita Ho
Chief Financial Officer
April 8, 2013

CANADIAN AWARD FOR FINANCIAL REPORTING

For the last 12 years, the City has received a Canadian Award for Financial Reporting for its Annual Financial Reports. This award, presented by the Government Finance Officers Association of the United States and Canada (GFOA), is presented to governments across Canada who publish high-quality financial reports.

In order to qualify, a government must publish an easily readable and efficiently organized annual financial report, the contents of which conform to program standards beyond the minimum requirements prescribed by Canada's Generally Accepted Accounting Principles. Such a report should clearly communicate the municipality's financial condition, enhance an understanding of financial reporting, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. The City of St. Albert believes its current Report continues to conform to the program award requirements and will therefore again forward it to the Government Finance Officers Association for award consideration.


Government Finance Officers Association

Canadian Award
for
Financial Reporting

Presented to
The City of St. Albert
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2011

Executive Director

Financial Section

Management's Report	64
Independent Auditor's Report	65
Audited Financial Statements	
Consolidated Statement of Financial Position	*66*
Consolidated Statement of Operations and Accumulated Surplus	*67*
Consolidated Statement of Changes in Net Debt	*68*
Consolidated Statement of Cash Flows	*69*
Notes and Schedules to the Financial Statements	*70*

Management's Report

To the Mayor and members of Council of the City of St. Albert,

Management is responsible for the integrity, relevance and comparability of the data in the accompanying consolidated financial statements. The consolidated financial statements have been prepared by Management in accordance with Canadian public sector accounting standards. The preparation of the consolidated financial statements necessarily includes some amounts which are based on Management's best estimates.

It is City policy to practice the highest standard of ethics. The City also has policies and procedures for internal controls. Management is committed to maintaining an extensive system of internal controls, providing reasonable assurance that:

- all transactions are appropriately authorized
- assets are properly accounted for and safeguarded
- all transactions are appropriately recorded, and
- financial records are reliable for the preparation of financial statements.

Oversight for Management's responsibilities for financial reporting is provided by City Council through the Standing Committee on Finance. There are regular meetings between the Committee, Management and independent auditors to discuss auditing and reporting on financial matters, and to ensure that Management is carrying out its responsibilities. The auditors have full and free access to the Committee and Management.

The consolidated financial statements have been audited by the independent firm of Deloitte LLP. Following is their report to City Council, stating the scope of their examination and opinion on the consolidated financial statements.

Patrick Draper, City Manager

Anita Ho, CGA, MSA
Chief Financial Officer

April 8, 2013

Independent Auditor's Report

To the Mayor and members of Council of the City of St. Albert

We have audited the accompanying consolidated financial statements of the City of St. Albert, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of St. Albert as at December 31, 2012, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants
April 8, 2013
Edmonton, Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2012 (in thousands of dollars)

	2012	2011 (as restated) (Note 18)
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	$ 21,176	$ 35,425
Accounts Receivable	9,355	8,972
Taxes Receivable	2,364	2,286
Inventories Held for Resale	32	25
Land Held for Resale	60	60
Investments (Note 3)	74,194	43,981
TOTAL FINANCIAL ASSETS	107,181	90,749
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Liabilities	19,356	13,909
Deferred Revenue – Government Transfers (Note 4)	28,700	20,738
Deferred Revenue – Developer Levies (Note 4)	11,924	8,886
Deferred Revenue – Other (Note 4)	2,412	3,744
Deposit Liabilities	875	770
Long Term Debt (Note 5)	56,821	61,190
Landfill Liability (Note 6)	1,785	4,099
TOTAL FINANCIAL LIABILITIES	121,873	113,336
NET FINANCIAL DEBT	(14,692)	(22,587)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 7)	774,492	752,965
Inventories of Materials and Supplies	943	994
Prepaid Expenses	357	480
TOTAL NON FINANCIAL ASSETS	775,792	754,439
ACCUMULATED SURPLUS (NOTE 9)	$ 761,100	$ 731,852

Contractual Obligations and Contingencies (Note 10)

Approved by

Mayor

City Manager

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2012 (in thousands of dollars)

	2012 BUDGET (unaudited) (Note 15)	2012	2011 (as restated) (Note 18)
REVENUE			
Property Taxes (Note 11)	$ 77,481	**$ 77,533**	$ 73,983
Sales and User Fees	44,202	**45,898**	42,589
Government Transfers (Note 12)	58,526	**27,533**	22,763
Other Revenue	973	**2,078**	3,954
Fines and Penalties	4,480	**4,140**	3,610
Contracted Services Revenue	2,417	**2,424**	2,378
Licenses and Permits	2,233	**2,125**	1,782
Franchise Fees	1,790	**1,877**	1,400
Investment Income	1,596	**1,201**	1,126
Developer Contributions and Levies	2,398	**3,779**	811
TOTAL REVENUE	196,096	**168,588**	154,396
EXPENSES			
Utility Services	21,924	**25,516**	26,055
Protective Services	27,019	**27,761**	24,720
Transportation and Roadway Services	11,342	**21,075**	21,118
Recreation and Parks	18,868	**23,714**	23,039
Cultural Services	10,846	**11,212**	12,499
General Government Services	16,338	**12,268**	11,121
Transit Services	10,637	**11,886**	11,002
Planning and Development Services	3,850	**3,885**	3,484
Family and Social Services	2,725	**2,680**	2,610
Loss on Disposal of Tangible Capital Assets	-	**1,436**	1,023
TOTAL EXPENSES	123,549	**141,433**	136,671
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	72,547	**27,155**	17,725
OTHER			
Contributed Assets	-	**2,093**	6,320
EXCESS OF REVENUE OVER EXPENSES	72,547	**29,248**	24,045
ACCUMULATED SURPLUS	731,852	**731,852**	707,807
ACCUMULATED SURPLUS END OF YEAR	$ 804,399	**$ 761,100**	$ 731,852

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

For the Year Ended December 31, 2012 (in thousands of dollars)

	2012 BUDGET (Unaudited) (Note 15)	2012	2011 (as restated) (Note 18)
EXCESS OF REVENUE OVER EXPENSES	$ 72,547	$ 29,248	$ 24,045
Acquisition of Tangible Capital Assets	(74,930)	(42,386)	(45,470)
Proceeds on Disposal of Tangible Capital Assets	-	160	85
Amortization of Tangible Capital Assets	-	19,263	19,164
Loss on Disposal of Tangible Capital Assets	-	1,436	1,023
	(2,383)	7,721	(1,153)
Acquisition of Inventories of Materials and Supplies	-	(943)	(994)
Acquisition of Prepaid Expenses	-	(357)	(480)
Consumption of Inventories of Materials and Supplies	-	994	987
Use of Prepaid Expenses	-	480	696
	-	174	209
DECREASE (INCREASE) IN NET DEBT	(2,383)	7,895	(944)
NET FINANCIAL DEBT BEGINNING OF YEAR	(22,587)	(22,587)	(21,643)
NET FINANCIAL DEBT AT END OF YEAR	$ (24,970)	$ (14,692)	$ (22,587)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012 (in thousands of dollars)

	2012	2011 (as restated) (Note 18)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of Revenue over Expenses	$ 29,248	$ 24,045
ITEMS NOT INVOLVING CASH:		
Amortization	19,263	19,164
Tangible Capital Assets Received as Contributions	(2,093)	(6,320)
Loss on Disposal of Tangible Capital Assets	1,436	1,023
	47,854	37,912
CHANGE IN NON-CASH ASSETS AND LIABILITIES:		
Accounts Receivable	(383)	(399)
Taxes Receivable	(78)	(134)
Inventories Held for Resale	(7)	(8)
Accounts Payable and Accrued Liabilities	5,447	(4,053)
Deferred Revenue – Government Transfers	7,962	1,855
Deferred Revenue – Developer Levies	3,038	2,604
Deferred Revenue – Other	(1,332)	(280)
Deposit Liabilities	105	(91)
Landfill Liability	(2,314)	244
Inventories of Materials and Supplies	51	(7)
Prepaid Expenses	123	216
CASH FROM OPERATING ACTIVITIES	60,466	37,859
CAPITAL ACTIVITIES		
Acquisition of Tangible Capital Assets	(40,293)	(39,150)
Proceeds on Disposal of Tangible Capital Assets	160	85
CASH FROM CAPITAL ACTIVITIES	(40,133)	(39,065)
INVESTING ACTIVITIES		
Purchase of Investments	(65,058)	(49,151)
Maturity of Investments	34,845	53,210
CASH FROM INVESTING ACTIVITIES	(30,213)	4,059
FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(4,369)	(4,979)
CASH FROM FINANCING ACTIVITIES	(4,369)	(4,979)
DECREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	(14,249)	(2,126)
Cash and Cash Equivalents at Beginning of Year	35,425	37,551
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 21,176	$ 35,425
CASH PAID FOR INTEREST	2,830	3,084

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements ("financial statements") of the City of St. Albert (the "City") are the representations of management and have been prepared in accordance with Canadian public sector accounting standards.

Significant accounting policies adopted by the City are as follows:

A. BASIS OF CONSOLIDATION

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The entity comprises all organizations, committees and local boards that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, entities include the City of St. Albert Public Library and the Arts & Heritage Foundation of St. Albert. Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

B. USE OF ESTIMATES

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating historical cost of certain tangible capital assets, useful lives of tangible capital assets, fair value of contributed assets, provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits.

Actual results could differ from those estimates.

C. BASIS OF ACCOUNTING

The City follows the accrual basis of accounting. The City organizes and operates its accounting system to segregate programs which reflect the net costs of carrying on a specific activity. These programs are organized and operate as separate accountable entities of the City. Revenue, which is not directly related to any specific program, is reflected in General Municipal Revenue.

i. Revenue

Revenue is accounted for in the period in which it is earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

ii. Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

D. LAND HELD FOR RESALE

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

E. INVESTMENTS

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the straight line basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

F. INVENTORIES HELD FOR RESALE

Inventories held for resale consist mainly of concession inventory and are valued at lower of cost and net realizable value.

G. NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital asset, excluding land, is amortized on a straight line basis over the estimated useful life as follows:

Buildings and Building Improvements	5 to 50 years
Land Improvements	10 to 30 years
Library Collections	5 years
Engineered Structures	
Roadway System	15 to 60 years
Water System	35 to 75 years
Wastewater System	35 to 75 years
Storm System	35 to 75 years
Machinery and Equipment	10 to 25 years
Vehicles	10 to 25 years

One half of annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are recorded as revenue.

Cultural and historical assets such as works of art, historical and heritage sites are not recorded as tangible capital assets in these financial statements.

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

ii. Inventories of Materials and Supplies

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and replacement cost.

H. GOVERNMENT TRANSFERS

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, and that are not the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

I. PENSION EXPENSES

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

J. LANDFILL LIABILITY

Pursuant to the Alberta Environmental Protection and Enhancement Act, the City is required to fund the closure of its landfill site and provide for post closure care of the facility. Closure and post closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The liability for closure and post closure care has been recognized based on an estimate of future expenses.

2. CASH AND CASH EQUIVALENTS

	2012	2011
Cash	$ 16,018	$ 25,333
Cash Equivalents	5,158	10,092
	$ 21,176	$ 35,425

Cash includes cash on hand and balances with banks, net of bank overdrafts.

Cash equivalents comprise of Short Term Deposits, Bankers Acceptances, Commercial Papers and guaranteed notes having yields ranging from 1.20% to 1.35% (2011 – 1.20% to 1.35%) with an original maturity within 3 months.

3. INVESTMENTS

	2012		2011	
	Carrying Value	Market Value	Carrying Value	Market Value
Short Term Notes and Deposits	$ 55,050	$ 55,050	$ 25,050	$ 25,050
Corporate Bonds	18,947	19,313	17,064	17,273
Government Bonds	–	–	1,677	1,718
Credit Union Shares	197	197	190	190
	$ 74,194	$ 74,560	$ 43,981	$ 44,231

Short term notes and deposits have effective rates of 1.68% to 2.10% (2011 – 1.63% to 2.10%), are for fixed terms, and have maturity dates ranging between 3 months and one year.

The City's bond portfolio has effective rates of 2.48% to 4.78% (2011 – 2.43% to 3.78%) with maturity dates ranging between 2015 and 2021.

4. DEFERRED REVENUE

Pursuant to funding agreements with the Provincial and/or Federal Government, the use of these funds together with any earnings thereon is restricted to eligible expenditures on operating or capital projects as approved by the governments. These funds are recognized as revenue in the period they are used for the purpose specified.

	2011	CONTRIBUTIONS	INTEREST EARNED	APPLIED	2012
DEFERRED REVENUE – GOVERNMENT TRANSFERS					
Municipal Sustainability Initiative	$ 9,235	$ 23,177	$ 447	$ (13,454)	**$ 19,405**
Alberta Municipal Infrastructure Program	3,864	-	93	(487)	**3,470**
New Deal for Cities & Communities	3,103	-	73	(1,380)	**1,796**
Basic Capital Grant	2,480	3,608	70	(2,495)	**3,663**
New Deal for Cities & Communities – Public Transit	1,056	-	24	(1,080)	**-**
MSI Affordable Housing	1,000	25	14	(673)	**366**
TOTAL DEFERRED REVENUE – GOVERNMENT TRANSFERS	20,738	26,810	721	(19,569)	**28,700**
DEVELOPER LEVIES					
Transportation Offsite Levy	5,411	3,253	161	(2,022)	**6,803**
Water Offsite Levy	2,310	1,156	71	(301)	**3,236**
Sanitary Sewer Levy	1,165	683	37	-	**1,885**
TOTAL DEVELOPER LEVIES	8,886	5,092	269	(2,323)	**11,924**
OTHER DEFERRED REVENUE					
Developer Contributions	1,323	-	30	(1,353)	**-**
Servus Place	981	928	-	(806)	**1,103**
Other Miscellaneous - Operating	345	283	-	(259)	**369**
Arts & Heritage Foundation	246	-	-	(188)	**58**
Licensing	227	1,170	-	(1,198)	**199**
Community	161	-	-	(126)	**35**
Other Miscellaneous - Capital	147	2,176	6	(2,052)	**277**
Utilities	126	-	-	(5)	**121**
Performing Arts	104	160	-	(104)	**160**
Library	84	90	-	(84)	**90**
TOTAL OTHER DEFERRED REVENUE	3,744	4,807	36	(6,175)	**2,412**
TOTAL DEFERRED REVENUE	$ 33,368	$ 36,709	$ 1,026	$ (28,067)	**$ 43,036**

5. LONG TERM DEBT

A. LONG TERM DEBT CONSISTS OF:

	2012	2011
Municipal Tax Supported Debenture	$ 56,821	$ 61,190
	$ 56,821	$ 61,190

Debenture debt has been issued on the credit and general security of the City. Debentures are held by the Alberta Capital Finance Authority. Debenture interest is payable, before Provincial subsidy, at rates ranging from 3.34% to 5.75% per annum. The debentures are payable in annual or semi-annual amounts and mature in periods ranging from 2013 to 2028.

The City has an operating line of credit with its bank of $5,000 (2011 – $5,000). This credit facility bears interest at prime minus 0.25% and was not drawn on at December 31, 2012.

The Province of Alberta currently provides an interest subsidy in the form of an interest subsidization grant on eligible debenture issues. Subsidies are expected to continue for the full duration of all debt issued prior to March 31, 1982, as follows:

Maximum Interest Rate Payable Period of Debenture Issue	After Provincial Subsidy
January 1, 1974 – March 31, 1980	9.6%
April 1, 1980 – March 26, 1981	10.4%
March 27, 1981 – March 31, 1982	11.6%

Interest on long term debt amounted to $2,748 (2011 – $2,989) and is recorded in the Statement of Operations and Accumulated Surplus.

The City's total cash payments for interest in 2012 were $2,830 (2011 – $3,084).

B. LONG TERM DEBT PRINCIPAL AND INTEREST AMOUNTS DUE IN EACH OF THE NEXT FIVE YEARS AND THEREAFTER ARE AS FOLLOWS:

	Principal	Interest	Total
2013	$ 3,963	$ 2,601	$ 6,564
2014	3,588	2,412	6,000
2015	3,755	2,246	6,001
2016	3,929	2,072	6,001
2017	4,111	1,889	6,000
Thereafter	37,475	8,054	45,529
	$ 56,821	$ 19,274	$ 76,095

NOTE 5. LONG TERM DEBT (CONT.)

C. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/2000 for the City be disclosed as follows:

		2012		2011
Total Debt Limit	$	219,764	$	203,244
Total Debt		56,821		61,190
Amount of Debt Limit Unused		162,943		142,054
Maximum Allowable Debt Service		36,627		33,874
Annual Payments of Existing Debt		6,564		7,199
Amount of Debt Servicing Limit Unused	$	30,063	$	26,675

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the City; rather, the financial statements and other factors must be considered.

6. LANDFILL LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, plumbing of groundwater and leachates from the sites, and ongoing environmental monitoring, site inspections and maintenance. The City received an Environment Canada order to undertake additional capping and grading measures in 2005 to prevent leaching into the Sturgeon River from its landfill. The City is continuing with its ongoing monitoring program of the former landfill and sewage lagoons in Riel Park including the submission of reports to Environment Canada. The groundwater monitoring of the site has been ongoing since 1999 and the program was expanded in June 2004 in consultation with the regulators. A Site Management Alternative report was completed in December 2005 and the City met with the regulators to discuss the alternatives and the recommended action plan. The action plan includes objectives that will maintain the integrity of the containment berms, minimize the generation of leachate and continued monitoring of the groundwater.

The landfill was permanently closed in 1986.

The City's estimated total liability is based on the sum of discounted future cash flows for post closure activities from 2012 to 2015 using a discount rate of 2.23% (2011 – 2.30%) based on the Alberta Finance Authority 10 year rate stated at January 1, 2012.

		2012		2011
Estimated Closure Costs	$	1,650	$	3,944
Estimated Post Closure Costs		135		155
	$	1,785	$	4,099

During the year, the City incurred costs of $2,314 (2011 – $0) related to the landfill closure and post-closure liability. Accretion expense recorded in 2012 was $0 (2011 – $244). In February 2013 the City obtained a revised cost estimate for December 31, 2012 to complete phases 3 and 4 of the remediation. The landfill liability has been revised to reflect the new estimate.

7. TANGIBLE CAPITAL ASSETS

2012

	Building Improvements	Library Collections	Land Improvements	Engineered Structures	Buildings	Machinery & Equipment	Land	Vehicles	Assets Under Construction	Total
COST										
Balance Beginning of Year	$ 3,740	$ 2,014	$ 44,640	$ 475,167	$ 127,970	$ 25,228	$ 341,802	$ 36,150	$ 3,422	$ 1,060,133
Acquisitions/Transfers	1,435	445	841	16,309	4,439	1,960	1,772	1,886	13,299	42,386
Disposals	–	(372)	–	(835)	–	(351)	–	(2,259)	(13)	(3,830)
BALANCE END OF YEAR	5,175	2,087	45,481	490,641	132,409	26,837	343,574	35,777	16,708	1,098,689
ACCUMULATED AMORTIZATION										
Balance Beginning of Year	376	982	17,106	212,822	49,372	15,285	–	11,225	–	307,168
Amortization Expense	120	410	1,915	10,460	2,670	1,661	–	2,027	–	19,263
Disposals	–	(372)	–	(207)	–	(299)	–	(1,356)	–	(2,234)
BALANCE END OF YEAR	496	1,020	19,021	223,075	52,042	16,647	–	11,896	–	324,197
NET BOOK VALUE END OF YEAR	$ 4,679	$ 1,067	$ 26,460	$ 267,566	$ 80,367	$ 10,190	$ 343,574	$ 23,881	$ 16,708	$ 774,492

2011
(as restated)
(Note 18)

	Building Improvements	Library Collections	Land Improvements	Engineered Structures	Buildings	Machinery & Equipment	Land	Vehicles	Assets Under Construction	Total
COST										
Balance Beginning of Year	$ 1,687	$ 1,910	$ 41,952	$ 457,976	$ 127,208	$ 22,483	$ 324,088	$ 34,685	$ 4,687	$ 1,016,676
Acquisitions/Transfers	2,053	425	2,688	17,722	762	3,372	17,714	1,556	(822)	45,470
Disposals	–	(321)	–	(531)	–	(627)	–	(91)	(443)	(2,013)
BALANCE END OF YEAR	3,740	2,014	44,640	475,167	127,970	25,228	341,802	36,150	3,422	1,060,133
ACCUMULATED AMORTIZATION										
Balance Beginning of Year	280	911	15,181	202,293	46,752	14,142	–	9,350	–	288,909
Amortization Expense	96	392	1,925	10,580	2,620	1,588	–	1,963	–	19,164
Disposals	–	(321)	–	(51)	–	(445)	–	(88)	–	(905)
BALANCE END OF YEAR	376	982	17,106	212,822	49,372	15,285	–	11,225	–	307,168
NET BOOK VALUE END OF YEAR	$ 3,364	$ 1,032	$ 27,534	$ 262,345	$ 78,598	$ 9,943	$ 341,802	$ 24,925	$ 3,422	$ 752,965

A. ASSETS UNDER CONSTRUCTION

Assets under construction having a value of $16,708 (2011 – $3,422) have not been amortized. Amortization of these assets will commence when the assets are put into service.

B. CONTRIBUTED TANGIBLE CAPITAL ASSETS

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is $2,093 (2011 – $6,320). This amount comprise roads infrastructure in the amount of $1,667 (2011 – $3,276), water, storm and wastewater infrastructure in the amount of $426 (2011 – $2,944), and land improvement in the amount of $0 (2011 – $100).

C. WORKS OF ART AND HISTORICAL TREASURES

The City manages and controls various works of art and non operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

D. WRITE DOWN OF TANGIBLE CAPITAL ASSETS

The write down of tangible capital assets during the year was $0 (2011 – $443).

8. INVESTED IN TANGIBLE CAPITAL ASSETS

	2012	2011 (as restated) (Note 18)
Tangible Capital Assets (Note 7)	$ 1,098,689	$ 1,060,133
Accumulated Amortization (Note 7)	(324,197)	(307,168)
Long Term Debt	(56,821)	(61,190)
	$ 717,671	$ 691,775

9. ACCUMULATED SURPLUS

Accumulated surplus consists of unrestricted and restricted amounts and invested in tangible capital assets as follows:

	2012	2011 (as restated) (Note 18)
GENERAL SURPLUS (DEFICIT)		
General Operating Surplus	$ 166	$ 227
Capital Funding Timing on Projects	(2,007)	(352)
Utility Accumulated Deficit – Landfill	(1,785)	(4,048)
TOTAL GENERAL (DEFICIT)	(3,626)	(4,173)
Restricted Surplus – Reserves (Schedule 1)	47,055	44,250
Invested in Tangible Capital Assets	717,671	691,775
TOTAL ACCUMULATED SURPLUS	$ 761,100	$ 731,852

10. COMMITMENTS AND CONTINGENCIES

A. ANNEXATION

On February 14, 2007 the Lieutenant Governor in Council approved the request of the City of St. Albert to annex land from Sturgeon County (County). Effective January 1, 2007 the City's boundaries were extended to include all of the land that St. Albert had requested. The City is obligated to pay the County $800 at a rate of $80 per year starting in 2009 and ending 2018. In addition, the City will pay tax sharing amounts to the County until 2013. The City paid $203 in 2012 ($136 in 2011) to Sturgeon County under this tax sharing agreement.

As of April 1, 2007 the City is responsible for the roadway maintenance and municipal services within the annexed area. The annexation brings within the boundaries of St. Albert the alignment of the Ray Gibbon Drive.

B. LEGAL CLAIMS

As at December 31, 2012, the City was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, management believes that there will be no adverse effect on the City's financial position.

C. LEASE COMMITMENTS

The City has entered into several operating lease agreements for space rental. Lease commitments over the next five years and thereafter are as follows:

	2012
2013	$ 262
2014	231
2015	217
2016	187
2017	188
Thereafter	1,117
	$ 2,202

11. PROPERTY TAXES

Taxation revenue, reported on the Consolidated Statement of Operations and Accumulated Surplus, comprises the following:

	2012 Budget (Unaudited) (Note 15)	2012	2011
TAXATION			
Real Property Taxes	$ 105,062	**$ 104,085**	$ 98,261
Linear Property Taxes	1,132	**1,139**	1,132
Government Grants	-	**1,022**	1,007
TOTAL TAXATION	106,194	**106,246**	100,400
REQUISITIONS			
Alberta School Foundation Fund	19,134	**19,134**	17,462
Opted Out School Board	8,355	**8,355**	7,632
Sturgeon Foundation Requisition	940	**940**	836
Other	284	**284**	487
TOTAL REQUISITIONS	28,713	**28,713**	26,417
TAXES AVAILABLE FOR MUNICIPAL PURPOSES	$ 77,481	**$ 77,533**	$ 73,983

12. GOVERNMENT TRANSFERS

The City recognizes the transfer of government funding after the transfer has been authorized, and the expenses or revenues in the period that the events giving rise to the transfer occurred. The Government Transfers reported on the Consolidated Statement of Operations and Accumulated Surplus are:

	2012 Budget (Unaudited) (Note 15)	2012	2011
GOVERNMENT TRANSFERS FOR OPERATIONS			
Provincial Transfers	$ 4,391	**$ 5,246**	$ 4,612
Federal Transfers	-	**211**	274
TOTAL OPERATING TRANSFERS	4,391	**5,457**	4,886
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial Transfers	54,135	**20,964**	16,508
Federal Transfers	-	**1,112**	1,369
TOTAL CAPITAL TRANSFERS	54,135	**22,076**	17,877
TOTAL GOVERNMENT TRANSFERS	$ 58,526	**$ 27,533**	$ 22,763

13. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer, and the designated officer is required by Alberta Regulation 313/2000. This information is not presented in thousands of dollars.

	Salaries	Benefits & Allowances	2012	2011
Mayor N. Crouse	$ 101,426	$ 7,544	**$ 108,970**	$ 96,293
Councillor L. Bracko	40,329	1,626	**41,955**	32,625
Councillor R. Lemieux	35,929	2,133	**38,062**	32,514
Councillor W. Brodhead	36,729	4,109	**40,838**	30,575
Councillor C. Heron	42,929	1,901	**44,830**	31,866
Councillor C. MacKay	37,629	3,404	**41,033**	33,758
Councillor M. Parker	36,029	3,841	**39,870**	32,993
Chief Administrative Officer	172,436	28,349	**200,785**	651,047
Designated Officer	128,105	32,303	**160,408**	158,386

A. SALARIES

Salaries are to include only base salary; any allowances, travel etc. are to be included in benefits and allowances. Chief Administrative Officer's salary included end of service benefits in 2011.

B. BENEFITS AND ALLOWANCES

Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, Employment Insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, car allowances and end of service benefits, in 2011, for the Chief Administrative Officer.

14. PENSION PLANS

A. LOCAL AUTHORITIES PENSION PLAN

Approximately 585 (2011 – 577) employees of the City participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The plan is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The City is required to make current service contributions to the Plan of 9.91% (2011 – 9.49%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% (2011 – 13.13%) on pensionable earnings above this amount. Employees of the City are required to make current service contributions of 8.91% (2011 – 8.49%) of pensionable salary up to the year's maximum pensionable salary and 12.74% (2011 – 12.13%) on pensionable salary above this amount.

Total contributions by the City to the Local Authorities Pension Plan in 2012 were $4,585 (2011 – $4,081). Total contributions by the employees of the City of St. Albert to the Local Authorities Pension Plan in 2012 were $4,176 (2011 – $3,697). At December 31, 2011, the plan reported the value of its assets at $19.8 billion (2010 – $17.7 billion) and disclosed an actuarial deficiency of $5.4 billion (2010 – $4.8 billion). Plan asset and actuarial deficiency data as at December 31, 2012 were not yet available.

B. APEX

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the "Alberta Employment Pension Plans Act", commenced on January 1, 2004. This plan provides supplementary pension benefits to a prescribed class of employees (23 (2011 – 14) beneficiaries). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. The employees and the City are required to make current service contributions to APEX of 2.50% and 3.00%, respectively, of pensionable earnings up to $132 (2011 – $128).

Total current service contributions by the City to APEX in 2012 were $82 (2011 – $74). Total current service contributions by the employees of the City were $69 (2011 – $61).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, management's best estimate of salary and benefit escalation, and retirement ages of employees. The cost of post retirement benefits are fully funded.

As at December 31, 2012 the APEX supplementary pension plan has vested with approximately two thirds of eligible employees. The City has disclosed contributions to the APEX plan.

C. MUNISERP

The MuniSERP supplementary overcap retirement plan extend LAPP and APEX pension benefit levels beyond the Canada Revenue Agency maximum. The plan commenced on January 1, 2003, and provides supplementary benefits to a prescribed class of employees (15 (2011 – 14) beneficiaries). MuniSERP supplements APEX and LAPP and is a voluntary, non contributory, non registered supplementary employee retirement plan.

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, management's best estimate of salary and benefit escalation, and retirement ages of employees. At January 1, 2013, an actuarial valuation has been completed along with corresponding disclosure of designated assets.

The following presents the MuniSERP obligation as at December 31, 2012:

	2012	2011
ACCRUED BENEFIT OBLIGATION		
Balance, Beginning of Year	$ 83	$ 318
Current Service Cost and Interest Cost	119	(235)
BALANCE AT END OF YEAR	$ 202	$ 83

There are no defined benefit plan assets.
The significant actuarial assumptions in measuring the City's accrued benefit obligation are as follows:

	2012	2011
Discount Rate	5.00%	5.25%
Rate of Compensation Increase	4.00%	4.00%

15. BUDGET FIGURES

The 2012 budget figures which appear in these financial statements have not been audited. Budgets established for capital acquisitions and related financing are calculated on a project oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year actual amounts.

The table below reconciles the consolidated annual surplus to the City's operating surplus based on the methods used in preparing its fiscal plan.

	2012 Budget (Unaudited)	2012	2011 (as restated) (Note 18)
CONSOLIDATED ANNUAL SURPLUS	$ 72,547	**$ 29,248**	$ 24,044
Internal Transfers (net operating & capital)	6,752	**(3,167)**	6,290
Contributed Assets	-	**(2,093)**	(6,320)
Repayment of Long Term Debt	(4,369)	**(4,369)**	(4,980)
Loss (Gain) on Sale of Tangible Capital Assets	-	**1,436**	1,023
Amortization	-	**19,263**	19,164
Capital Costs	(74,930)	**(40,293)**	(39,150)
OPERATING SURPLUS	$ -	$ 25	$ 71

The unaudited budget data presented in these consolidated financial statements is based upon the 2012 operating and capital budgets approved by Council. Amortization, contributed assets and gain/loss of tangible capital assets were not contemplated in development of the budget and, as such, has not been included.

16. COMPARATIVE FIGURES

Certain elements of the 2011 Financial Statements have been reclassified to reflect the changes in presentation for 2012. On the statement of operations, loss on disposal of tangible capital assets are disclosed as expenses rather than other.

17. SEGMENTED INFORMATION

Segmented information has been identified based upon lines of service provided by the City. City services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

A. GENERAL SERVICES

The City's general services include its corporate functions, such as finance, information technology, human resources, taxation and assessment, legislative operations, and common and fiscal services.

B. PROTECTIVE SERVICES

The City contracts with the Royal Canadian Mounted Police (RCMP) for police protection, and holds a contract through Alberta Health Services to provide emergency medical services within the community. The City also operates a municipal fire department and provides bylaw enforcement services.

C. RECREATION AND PARKS

The City owns and operates over 400 hectares of parkland within the municipal boundary, including large park systems such as the Red Willow Park and numerous community and neighbourhood parks or playgrounds. The City also provides a variety of recreational programs and services to residents on a year round basis.

D. UTILITY OPERATIONS

Four utilities – water, wastewater, storm, and solid waste/recycling – are administered directly by the City. While these utilities are funded independently from municipal operations as per the City's 100 Year Utility Rate Model, financial results are included with the City.

E. ROADWAY SERVICES

The City provides a number of maintenance and related services for the community's streets, sidewalks, lighting, and equipment pool. Costs related to summer and winter road maintenance are also captured here. Roadway services provides service to other segments of the organization on a cost recovery basis, this is reflected in other expense recoveries.

NOTE 17. SEGMENTED INFORMATION (CONT.)

F. TRANSIT SERVICES

St. Albert Transit is a municipally owned and operated transit service offering local and commuter routes for riders. St. Albert Transit operates on a subsidized fee for service basis.

G. CULTURAL SERVICES

St. Albert is renowned for its first class cultural programs, services, and events. Festivals such as the Northern Alberta International Children's Festival highlight this area. The Library and the Arts and Heritage Foundation are included in Cultural Services on the Statement of Operations and Accumulated Surplus.

H. PLANNING SERVICES

To ensure that the community is well planned and attractive for investment, the City is active in the area of land use planning, engineering and economic development.

I. SOCIAL SERVICES

Social services include those provided by the City's Family and Community Support Services department, in addition to costs related to the St. Albert Cemetery and other community supports.

J. ST. ALBERT PUBLIC LIBRARY

The St. Albert Public Library was established in 1961 by St. Albert's Town Council under the provisions of the Provincial Libraries Act. The Library is governed by a separate Board, and provides programs and service to the residents of St. Albert and surrounding areas.

K. ARTS & HERITAGE FOUNDATION

St. Albert's Arts and Heritage Foundation ("AHF") manages the Profiles Public Art Gallery, the Musée Héritage Museum, and various other local heritage sites. The AHF also offers programs and exhibitions and ensures that historic buildings and significant artifacts are preserved.

The following tables report the financial operations for each of the above mentioned segments:

December 31, 2012	General Government Services	Protective Services	Recreation and Parks	Utility Services	Transportation & Roadway Services	Transit Services	Culture	Planning and Development Services	Family and Social Services	St. Albert Public Library Total	Arts and Heritage	Total 2012
REVENUE												
Property Taxes	$ 77,533	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 77,533
Sales and User Fees	224	1,135	9,665	28,200	359	3,771	962	809	193	336	254	45,898
Government Transfers	877	1,224	75	5,329	15,611	1,342	360	648	1,310	435	322	27,533
Other Revenue	400	9	427	-	403	-	634	-	11	60	134	2,078
Fines and Penalties	511	3,224	-	105	-	-	-	-	-	-	-	4,140
Contracted Services Revenue	-	2,424	-	-	-	-	-	-	-	-	-	2,424
Licenses and Permits	692	322	-	-	13	-	-	1,098	-	-	-	2,125
Franchise Fees	1,877	-	-	-	-	-	-	-	-	-	-	1,877
Investment Income	349	12	139	402	150	126	11	2	-	10	-	1,201
Developer Contributions and Levies	-	-	-	401	3,378	-	-	-	-	-	-	3,779
TOTAL REVENUE	**82,763**	**8,350**	**10,306**	**34,437**	**19,914**	**5,239**	**1,957**	**2,557**	**1,514**	**841**	**710**	**168,588**
EXPENSES												
Salaries, Wages and Benefits	9,857	17,066	11,749	3,965	7,318	1,879	2,680	2,725	1,106	2,779	1,313	62,437
Contracted and General Services	248	1,871	2,026	7,444	2,613	6,603	1,132	535	149	176	217	22,814
Amortization	935	816	3,420	3,976	8,075	1,487	46	9	1	478	21	19,264
Purchases from Other Governments	-	6,458	-	8,462	-	-	-	-	-	-	-	14,920
Materials, Good and Utilities	333	821	3,474	983	4,340	1,890	901	54	53	372	287	13,508
Transfers to Individuals & Organizations	61	-	200	-	22	-	1,861	692	1,360	-	(1,365)	2,831
Interest on Long Term Debt	-	-	1,475	-	1,273	-	-	-	-	-	-	2,748
Other Expenses (Recovery)	834	729	1,370	686	(2,566)	27	77	70	11	(24)	261	1,475
Loss on Disposal of Tangible Capital Assets	-	(5)	(1)	(12)	563	891	-	-	-	-	-	1,436
TOTAL EXPENSES	**12,268**	**27,756**	**23,713**	**25,504**	**21,638**	**12,777**	**6,697**	**3,885**	**2,680**	**3,781**	**734**	**141,433**
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	70,495	(19,406)	(13,407)	8,933	(1,724)	(7,538)	(4,740)	(1,328)	(1,166)	(2,940)	(24)	27,155
OTHER												
Contributed Assets	-	-	-	426	1,667	-	-	-	-	-	-	2,093
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 70,495	$ (19,406)	$ (13,407)	$ 9,359	$ (57)	$ (7,538)	$ (4,740)	$ (1,328)	$ (1,166)	$ (2,940)	$ (24)	$ 29,248

NOTE 17. SEGMENTED INFORMATION (CONT.)

December 31, 2011	General Government Services	Protective Services	Recreation and Parks	Utility Services	Transportation & Roadway Services	Transit Services	Culture	Planning and Development Services	Family and Social Services	St. Albert Public Library Total	Arts and Heritage	Total 2012
REVENUE												
Property Taxes	$ 73,983	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 73,983
Sales and User Fees	274	1,344	8,794	25,372	404	3,513	1,452	639	192	314	291	42,589
Government Transfers	585	1,161	1,621	2,865	12,755	-	1,168	221	1,328	360	399	22,763
Other Revenue	2,439	4	444	-	8	-	891	-	7	49	112	3,954
Fines and Penalties	759	2,748	-	103	-	-	-	-	-	-	-	3,610
Contracted Services Revenue	-	2,378	-	-	-	-	-	-	-	-	-	2,378
Licenses and Permits	558	321	-	-	13	-	-	860	-	-	-	1,782
Franchise Fees	1,400	-	-	-	-	-	-	-	-	-	-	1,400
Investment Income	478	8	98	255	239	29	16	2	-	1	-	1,126
Developer Contributions and Levies	-	-	534	260	17	-	-	-	-	-	-	811
TOTAL REVENUE	**80,806**	**7,964**	**11,491**	**28,855**	**13,436**	**3,542**	**3,527**	**1,722**	**1,527**	**724**	**802**	**154,396**
EXPENSES												
Salaries, Wages and Benefits	9,510	14,645	11,323	3,891	7,088	1,768	2,758	2,562	1,091	2,644	1,260	58,540
Contracted and General Services	140	1,541	2,079	8,337	3,145	5,805	2,443	519	101	151	187	24,448
Amortization	1,013	764	3,356	3,752	8,265	1,481	33	7	2	466	25	19,164
Purchases from Other Governments	-	6,201	-	8,214	-	-	-	-	-	-	-	14,415
Materials, Good and Utilities	315	822	3,176	952	3,955	1,920	947	50	36	349	288	12,810
Transfers to Individuals & Organizations	58	-	100	-	27	-	1,661	283	1,369	-	(1,240)	2,258
Interest on Long Term Debt	-	37	1,763	-	1,189	-	-	-	-	-	-	2,989
Other Expenses (Recovery)	85	710	1,242	909	(2,551)	28	33	63	11	-	494	1,024
Loss on Disposal of Tangible Capital Assets	-	-	89	223	711	-	-	-	-	-	-	1,023
TOTAL EXPENSES	11,121	24,720	23,128	26,278	21,829	11,002	7,875	3,484	2,610	3,610	1,014	136,671
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	69,685	(16,756)	(11,637)	2,577	(8,393)	(7,460)	(4,348)	(1,762)	(1,083)	(2,886)	(212)	17,725
OTHER												
Contributed Assets	-	-	100	2,944	3,276	-	-	-	-	-	-	6,320
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 69,685	$ (16,756)	$ (11,537)	$ 5,521	$ (5,117)	$ (7,460)	$ (4,348)	$ (1,762)	$ (1,083)	$ (2,886)	$ (212)	$ 24,045

18. RESTATEMENT OF PRIOR YEAR FIGURES

The City has corrected a calculation error in the estimated valuation of contributed assets recorded in the 2011 Financial Statements. The December 31, 2011 financial statements have been restated in the amount of $8,730 with the following impact:

- Contributed asset revenue decreased by $8,730 on the Consolidated Statement of Operations and Accumulated Surplus;
- Contributed tangible capital assets decreased by $8,730 on the Consolidated Statement of Financial Position;
- Acquisitions of tangible capital assets decreased by $8,730 on the Statement of Changes in Net Financial Debt and the Consolidated Statement of Cash Flows.

Note 7 to the financial statements has been restated to reflect the correction above. For the year ended December 31, 2011, acquisitions of engineered structures and land have been restated by ($9,960) and $1,230 respectively.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

SCHEDULE 1 SCHEDULE OF RESTRICTED SURPLUS RESERVES

For the Year Ended December 31, 2012 (in thousands of dollars)

	2011	Contributions	Reductions	2012
OPERATING RESERVES				
General Government	$ 6,096	$ 2,164	$ (2,029)	$ 6,231
Art & Heritage Foundation	21	-	(13)	8
Children's Festival	236	21	(60)	197
Museum	44	38	-	82
Library	67	-	-	67
TOTAL OPERATING RESERVES	6,464	2,223	(2,102)	6,585
CAPITAL RESERVES				
General Government	24,563	14,201	(14,992)	23,772
Utilities	12,902	8,877	(5,329)	16,450
Library	321	153	(226)	248
TOTAL CAPITAL RESERVES	37,786	23,231	(20,547)	40,470
TOTAL RESTRICTED SURPLUS RESERVES	$ 44,250	$ 25,454	$ (22,649)	$ 47,055

The accompanying notes are an integral part of these consolidated financial statements.

SCHEDULE 2 SCHEDULE OF UTILITY OPERATIONS

For the Year Ended December 31, 2012 (in thousands of dollars)

	Water	Wastewater	Storm	Waste	2012	2011
REVENUE						
Sales and User Fees	$ 9,857	$ 9,451	$ 3,310	$ 5,582	**$ 28,200**	$ 25,372
Government Transfers	41	2,300	736	2,252	**5,329**	2,865
Fines and Penalties	40	38	13	14	**105**	103
Investment Income	75	185	247	(105)	**402**	255
Developer Contributions and Levies	265	136	-	-	**401**	260
TOTAL REVENUE	10,278	12,110	4,306	7,743	**34,437**	28,855
EXPENSES						
Purchases from Other Governments	4,111	4,351	-	-	**8,462**	8,214
Contracted and General Services	1,572	1,711	753	3,408	**7,444**	8,337
Amortization	1,617	959	1,079	321	**3,976**	3,752
Salaries, Wages and Benefits	1,405	1,376	306	878	**3,965**	3,891
Materials, Good and Utilities	680	201	67	35	**983**	952
Other Expenses (Recovery)	152	176	25	333	**686**	909
(Gain) Loss on Disposal of Tangible Capital Assets	(11)	(1)	-	-	**(12)**	223
TOTAL EXPENSES	9,526	8,773	2,230	4,975	**25,504**	26,278
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	752	3,337	2,076	2,768	**8,933**	2,577
OTHER						
Contributed Assets	145	153	128	-	**426**	2,944
EXCESS OF REVENUE OVER EXPENSES	$ 897	$ 3,490	$ 2,204	$ 2,768	**$ 9,359**	$ 5,521

The accompanying notes are an integral part of these consolidated financial statements

Statistical Section

General Statistical Information 88
Financial Statistical Information 89

GENERAL STATISTICAL INFORMATION

(unaudited)

	2012	2011	2010	2009	2008
POPULATION [2]	**60,994**	61,466	60,138	58,501	58,296
NUMBER OF DWELLING UNITS[6]	**24,001**	23,569	23,306	22,843	22,629
MUNICIPAL AREA (IN HECTARES)	**4,973**	4,966	4,966	4,966	4,966
BUILDING PERMITS VALUE (IN THOUSANDS)					
Residential	**97,580**	95,214	82,342	80,763	52,272
Commercial	**16,340**	4,573	9,741	10,173	24,732
Industrial	**21,023**	14,420	21,975	41,548	8,869
Institutional	**1,524**	996	2,650	12,605	18,270
	136,467	115,203	116,708	145,089	104,143
BUILDING PERMITS ISSUED					
Residential	**616**	614	609	625	536
Commercial	**66**	57	60	54	66
Industrial	**44**	50	37	33	40
Institutional	**16**	18	16	19	24
	742	739	722	731	666
PARK AREA (IN HECTARES) [3]	**513**	511	414	409	399
TAX COLLECTION RATE (PERCENTAGE)	**97.78**	97.45	97.28	97.89	98.19
LONG TERM DEBT					
Long term debt	**56,821**	61,190	66,169	-	-
Retired Within 5 Years	**39.0**	32.0	31.0	31.0	30.0
Retired Thereafter	**61.0**	68.0	69.0	69.0	70.0
RESIDENTIAL TAX INCREASE	**2.6**	3.2	2.8	4.6	5.1
QUALITY OF LIFE SATISFACTION [4&5]	**99**	-	98	97	91
CONSUMER PRICE INDEX CHANGE (PERCENTAGE) [1]					
Alberta	**1.1**	2.4	1.0	(0.1)	1.2
Canada	**1.5**	2.9	1.8	0.3	2.3
UNEMPLOYMENT RATE (PERCENTAGE) [1]					
Alberta	**4.5**	4.9	5.6	6.6	4.4
Canada	**7.0**	7.5	7.8	8.3	6.1

Notes

1. Consumer Price Index and Unemployment Rate data obtained from Statistics Canada
2. The 2011 Federal Census population was submitted to Alberta Municipal Affairs for the 2012 Official Population List
3. Provincial Parks and Urban Reserves not included within Park Area Calculation
4. No Quality of Life Satisfaction Survey in 2011
5. 2012 Quality of Life Satisfaction Survey was different than in 2010
6. Number of Dwelling Units, Based on the 2011 Federal Census

GENERAL FINANCIAL INFORMATION
(unaudited)

TAXATION AND ASSESSMENT
FOR THE YEARS ENDED DECEMBER 31, 2008 - 2012

	2012	2011	2010	2009	2008
TAXATION (IN MILLIONS)					
Municipal Residential	**7,631**	7,316	7,504	6,788	5,840
Municipal Non Residential	**11,880**	12,296	12,155	10,960	10,740
Public School (CATHOLIC)					
Residential	**2,798**	2,552	2,657	2,443	2,017
Non Residential	**3,500**	3,482	3,560	3,210	3,645
Separate School (PROTESTANT)					
Residential	**2,798**	2,552	2,657	2,443	2,017
Non Residential	**3,500**	3,482	3,560	3,210	3,645
ASSESSMENT (PERCENTAGE CHANGE)					
Residential Market Value	**(1.81)**	5.10	(6.64)	(10.47)	58.74
Residential Growth	**1.60**	2.15	1.18	1.13	3.23
Industrial	**6.41**	1.47	(6.73)	9.65	21.44
Institutional	**3.46**	5.24	0.33	5.09	10.31

TAXATION AND REQUISITIONS
FOR THE YEARS ENDED DECEMBER 31, 2008 - 2012 (in thousands of dollars)

	2012	2011	2010	2009	2008
TAXATION					
Real Property Taxes	**$ 104,085**	$ 98,261	$ 93,075	$ 89,376	$ 83,380
Linear Property Taxes	**1,139**	1,132	1,115	1,134	1,140
Government Grants in Place of Property Taxes	**1,022**	1,007	873	827	756
	106,246	100,400	95,063	91,337	85,276
REQUISITIONS					
Alberta School Foundation Fund	**19,134**	17,462	16,813	16,211	14,790
St. Albert Protestant Separate School District #6	**8,355**	7,632	7,477	7,397	7,043
Sturgeon Foundation Requisition	**940**	836	526	484	465
Other	**284**	487	446	506	357
	28,713	26,417	25,262	24,598	22,655
TAXES AVAILABLE FOR MUNICIPAL PURPOSES	**$ 77,533**	$ 73,983	$ 69,801	$ 66,739	$ 62,621

GENERAL FINANCIAL INFORMATION
(unaudited)

TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES
FOR THE YEARS ENDED DECEMBER 31, 2008-2012 (in thousands of dollars)

	2012	2011	2010	2009	2008
TAXABLE ASSESSMENT					
Residential	**8,410,660**	8,430,912	7,852,882	8,313,413	9,181,595
Commercial	**684,622**	610,102	578,046	631,404	564,851
Industrial	**307,784**	279,800	248,456	248,782	193,571
Special and Other	**74,481**	75,740	81,683	91,403	82,938
	9,477,547	9,396,554	8,761,067	9,285,002	10,022,955
GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES	**68,228**	65,908	58,027	60,809	55,539
TOTAL TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES	**$ 9,545,775**	$ 9,462,462	$ 8,819,094	$ 9,345,811	$ 10,078,494
TOTAL TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES (PERCENTAGE)					
Residential	**88.1**	89.1	89.0	89.0	91.1
Commercial	**7.2**	6.4	6.6	6.8	5.6
Industrial	**3.2**	3.0	2.8	2.7	1.9
Special and Other	**0.8**	0.8	0.9	1.0	0.8
Grants in Place	**0.7**	0.7	0.7	0.7	0.6
RESIDENTIAL / NON RESIDENTIAL SPLIT* (PERCENTAGE)					
Residential	**88.2**	89.1	89.1	89.0	91.1
Non Residential	**11.8**	10.9	10.9	11.0	8.9

* With grant in place allocated between residential and non residential.

TAX COLLECTION
For the Years Ended December 31, 2008-2012 (in thousands of dollars)

	2012	2011	2010	2009	2008
CURRENT LEVY	**$ 106,246**	$ 100,400	$ 95,063	$ 91,337	$ 85,276
TAXES RECEIVABLE					
Current	**1,614**	1,524	1,512	1,407	1,044
In Arrears for More than One Year	**680**	783	640	428	278
	$ 2,294	$ 2,307	$ 2,152	$ 1,835	$ 1,322
TAXES OUTSTANDING, BEFORE ALLOWANCE (PERCENTAGE)					
Residential	**1.5**	1.5	1.6	1.5	1.2
Commercial	**0.6**	0.8	0.7	0.5	0.3

Note that 14 principle taxpayers made up 5 per cent of the 2012 tax levy; therefore, no undue reliance is placed upon any one taxpayer.

GENERAL FINANCIAL INFORMATION
(unaudited)

TOTAL LONG TERM DEBT AND LONG TERM DEBT SERVICING LIMITS
FOR THE YEARS ENDED DECEMBER 31, 2008-2012 (in thousands of dollars)

	2012	2011	2010	2009	2008
TOTAL LONG TERM DEBT					
Tax Supported	$ 56,821	$ 61,190	$ 66,169	$ 70,964	$ 71,777
User Supported	-	-	-	-	-
Utility Rates Supported	-	-	-	-	32
	56,821	61,190	66,169	70,964	71,809
TOTAL LONG TERM DEBT SERVICING LIMITS					
Maximum Allowable Annual Debt Servicing	$ 36,627	$ 33,874	$ 32,575	$ 31,367	$ 29,383
Annual Servicing on Existing Debt	6,564	7,199	8,046	8,142	8,167
Amount of Limit Used (Percentage)	18	21	25	26	28

RESTRICTED SURPLUS (RESERVE) BALANCES
For the Years Ended December 31, 2008-2012 (in thousands of dollars)

	2012	2011	2010	2009	2008
OPERATING RESERVES					
General Government	$ 6,231	$ 6,096	$ 5,725	$ 5,578	$ 5,977
Arts & Heritage Foundation	8	21	216	199	264
Children's Festival	197	236	229	202	199
Museum	82	44	86	77	95
Utilities	-	-	-	-	72
Library	67	67	67	67	67
	6,585	6,464	6,323	6,123	6,674
CAPITAL RESERVES					
General Government	23,772	24,563	34,423	22,694	22,414
Utilities	16,450	12,902	10,474	9,014	5,337
Library	248	321	269	195	158
Servus Place	-	-	-	-	-
	40,470	37,786	45,166	31,903	27,909
TOTAL RESTRICTED SURPLUS – RESERVES	$ 47,055	$ 44,250	$ 51,489	$ 38,026	$ 34,583

GENERAL FINANCIAL INFORMATION
(unaudited)

KEY COMPONENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2008-2012 (in thousands of dollars)

	2012	2011	2010	2009	2008
Total Financial Assets	**107,181**	90,749	96,393	81,299	79,578
Total Financial Liabilities	**121,873**	113,336	118,036	122,904	125,498
Net Debt	**(14,692)**	(22,587)	(21,643)	(41,605)	(45,920)
Total Non Financial Assets	**775,792**	754,439	729,450	714,029	680,734
	761,100	731,852	707,807	672,424	634,814
Key Components of Financial Assets Include:					
Cash and Cash Equivalents	**21,176**	35,425	37,551	50,272	69,479
Investments	$ **74,194**	$ 43,981	$ 48,040	$ 19,063	$ 166
Key Components of Financial Liabilities Include:					
Long Term Debt	**56,821**	61,190	66,169	70,964	71,809
Key Components of Non Financial Assets Include:					
Tangible Capital Assets	**774,492**	752,965	727,767	712,756	679,516
Key Components of Accumulated Surplus Include:					
Invested in Tangible Capital Assets	**717,671**	691,775	661,598	641,792	607,707
Restricted Surplus Reserves	$ **47,055**	$ 44,250	$ 51,489	$ 38,026	$ 34,583

	2012	2011	2010	2009	2008
ACQUISITIONS OF TANGIBLE CAPITAL ASSETS					
Building Improvements	**1,435**	2,053	961	420	-
Library Collections	**445**	425	403	426	389
Leasehold Improvements	**-**	-	-	48	10
Land Improvement	**841**	2,688	5,666	3,605	11,788
Engineered Structures	**16,309**	17,722	14,913	24,421	13,210
Buildings	**4,439**	762	3,745	213	12,044
Machinery and Equipment	**1,960**	3,372	2,057	2,407	1,180
Land	**1,772**	17,714	4,590	7,962	3,576
Vehicles	**1,886**	1,556	1,771	10,085	1,384
Assets Under Construction	**13,299**	(822)	(306)	(2,307)	1,908
TOTAL TANGIBLE CAPITAL ASSET ACQUISITIONS	$ **42,386**	$ 45,470	$ 33,800	$ 47,280	$ 45,489

GENERAL FINANCIAL INFORMATION
(unaudited)

REVENUE BY OBJECT, EXPENSE BY FUNCTION , AND ANNUAL SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2008-2012 (in thousands of dollars)

	2012	2011	2010	2009	2008
REVENUE AND OTHER					
Property Taxes	**$ 77,533**	$ 73,983	$ 69,801	$ 66,739	$ 62,621
Government Transfers	**27,533**	22,763	41,446	29,045	19,069
Sales and User Fees	**45,898**	42,589	39,911	37,201	33,419
Fines and Penalties	**4,140**	3,610	4,243	3,509	3,519
Other Revenue	**2,078**	3,954	1,722	3,536	3,969
Licenses and Permits	**2,125**	1,782	1,705	1,870	1,529
Franchise Fees	**1,877**	1,400	1,031	1,132	1,495
Investment Income	**1,201**	1,126	773	545	2,234
Developer Contributions and Levies	**3,779**	811	693	4,392	2,637
Contracted Services Revenue	**2,424**	2,378	2,375	-	-
TOTAL REVENUE BY OBJECT	**168,588**	154,396	163,700	147,969	130,492
EXPENSE BY FUNCTION					
Utility Services	**25,516**	26,055	25,416	21,558	23,102
Protective Services	**27,761**	24,720	23,859	22,568	18,092
Transportation and Roadway Services	**21,075**	21,118	18,959	18,392	16,955
Recreation and Parks	**23,714**	23,039	22,950	22,341	19,456
Cultural Services	**11,212**	12,499	11,589	9,426	7,652
General Government Services	**12,268**	11,121	12,087	10,974	12,792
Transit Services	**11,886**	11,002	10,297	9,908	9,329
Planning and Development Services	**3,885**	3,484	4,593	3,398	4,530
Family and Social Services	**2,680**	2,610	2,677	2,786	2,316
Loss on Disposal of TCA	**1,436**	1,023	427	(161)	235
TOTAL EXPENSE BY FUNCTION	**141,433**	136,671	132,854	121,190	114,459
ANNUAL SURPLUS	**27,155**	17,725	30,846	26,779	16,033
Contributed Assets	**2,093**	6,320	4,536	6,976	15,109
BEGINNING ACCUMULATED SURPLUS	**731,852**	707,807	672,425	638,670	603,672
ACCUMULATED SURPLUS END OF YEAR	**$ 761,100**	$ 731,852	$ 707,807	$ 672,425	$ 634,814

GENERAL FINANCIAL INFORMATION
(unaudited)

EXPENSES BY OBJECT
FOR THE YEARS ENDED DECEMBER 31, 2008-2012 (in thousands of dollars)

	2012	2011	2010	2009	2008
Salaries, Wages and Benefits	$ 62,437	$ 58,540	$ 56,537	$ 51,888	$ 45,870
Contracted and General Services	22,814	24,448	24,095	20,424	21,795
Amortization	19,264	19,164	18,116	17,336	16,340
Purchases from Other Governments	14,920	14,415	13,863	12,847	11,495
Materials, Good and Utilities	13,508	12,810	11,639	11,525	11,555
Transfers to Individuals & Organizations	2,831	2,258	4,203	3,163	3,326
Interest on Long Term Debt	2,748	2,989	3,241	3,377	3,362
Other Expenses (Recovery)	1,475	1,024	733	791	481
Loss on Disposal of TCA	1,436	1,023	427	-	-
TOTAL EXPENSES	**$ 141,433**	$ 136,671	$ 132,854	$ 121,351	$ 114,224

CFN 156-2
ISBN 978-0-9878205-1-8
Printed in Canada

City of St. Albert, Alberta, Canada
2012 Annual Report, for the year ended December 31, 2012
Prepared by: Corporate Strategic Services Division and Financial Services

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